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Romania

"A group of several hundred people who have split from the National Salvation Front" (FSN) held consultations in Bucharest to discuss founding "a new political formation," Bucharest radio reports. They "disapproved" of the FSN National Convention proceedings and outcome which were held in an "atmosphere of tension and anxiety caused by the group polarized around Mr. Petre Roman." They accused Roman of introducing "tension and a nondemocratic and elitist spirit" in the party's program and of "trying to subordinate both the party and Parliament to himself." The splinter group issued a declaration stating: "We call on all FSN supporters... who think like we do and are hesitant now, to join us to remain faithful to the ideals born on 22 December 1989" and "announce the establishment of an initiative committee to found a party called FSN-22 December."

ROMPRES reports that in the wake of the FSN Convention deputies have resigned from the FSN Parliamentary Group, including Senate FSN Parliamentary Group leader Vasile Vacaru, Senate Vice President Oliviu Gherman, and five other senators. Two House of Deputies members also "withdrew" from the FSN Parliamentary Group and after being elected leader of the Senate, Petre Negru "declined the office on the grounds that he would not accept validation by the FSN leadership." Roman issued a communique accusing these deputies of "generating" a "parliamentary crisis" and asking "all democratic political forces to reject these tendencies."

Yugoslavia

The sixth round of EC-sponsored peace talks between the three leading national parties in Bosnia-Hercegovina began in Brussels, Sarajevo radio reports. According to statements by the leaders of the three parties "the outcome of this conference is uncertain" because the talks are "determinded by the latest fighting in Bosnia-Hercegovina." Alija Izetbegovic said that the Party of Democratic Action "is strongly against" the republic's division but "accepts ethnic regionalization" "within a package of global solutions." Radovan Karadzic, leader of the Serbian Democratic Party, believes the conference "can make progress if it is established that the Party of Democratic Action's effort to gain international recognition "is not a tactical move." The Croatian Democratic Community "insisted" that "there is no point in talking until military activity in Bosnia-Hercegovina stops and the status of the Army is sorted out."

Poland

Andrzej Adamczyk, spokesman for the Solidarity National Commission, informed journalists that after ten hours of debating "Solidarity-80" and the government would be signing "only a protocol" on decisions and "differences of opinion" and not an agreement, PAP reports. Solidarity trade unionists define the government guidelines on socioeconomic policy as "incoherent and too general" and describe the talks as "unsatisfactory." Government spokesman Marcin Gugulski announced that the two sides "reached the greatest convergence of views" on unemployment and the rule of law in the economy.

Bulgaria

BTA and Sofia radio report that the Podkrepa miners' strike continued as a "war of nerves" was played out at the Council of Ministers where government leaders held talks with the Podkrepa Miners' Trade Union Central Strike Committee "for 12 hours." "No agreement" was reportedly reached according to the Podkrepa Miners Federation secretary and he announced that the strike will now enter "its second phase." Miners in Madan "are ready to take their wives and children down into the uranium pits and go on a hunger strike." Prime Minister Filip Dimitrov told journalists that the government is "ready to satisfy" the miners' "social demands" but Podkrepa "still insists" that Minister of Trade and Industry Ivan Pushkarov resign.

Electoral Commission Announces Runoff Results

AU3003141892 Tirana Radio Tirana Network in Albanian 1330 GMT 30 Mar 92

[Text] The second round of elections for deputies to the People's Assembly was held in 11 constituencies yesterday. According to the first reports reaching the Central Electoral Commission by telephone yesterday evening and today, the Democratic Party's [PD] candidates have won in all the constituencies.

In Constituency No. 6 in Berat District, where Peri Dishnica and Xhemal Dauti stood, the PD's candidate Peri Dishnica won about 65 percent of the valid votes.

In Constituency No. 19 in Elbasan, Gaqo Rrota won a majority with 66.4 percent over the Socialist Party's [PSSh] Ndricim Hysa.

In Gjirokaster, the PD's Genc Rruli won 59 percent of the votes, running against the PSSh's Leontiev Cuci.

In Constituency No. 36 in Kolonje, where the candidates Sotir Kokeri and Uran Butka competed, the PD's Uran Butka won 58 percent of the valid votes.

In Constituency No. 52 in Librazhd, the PD's Pellumb Malaj won 66.8 percent of the votes, and the PD's Kurt Xhepa won in the other constituency in Librazhd by gaining more than 60 percent.

In Permet, voters gave the most votes to the PD's deputy Vasil Gjika, who won 56.1 percent of the votes.

In Sarande, as we said at the start of the report, the PD's candidate Ridvan Peshkepia beat Gramoz Ruci with 52.2 percent, and the PD's Leka Toto won with 65.6 percent, beating the PSSh's Limoz Dizdari.

In the two last constituencies in Tepelene, the PD's candidates Blerim Cela won with 59.7 percent and Sadik Bejko with 61 percent.

We are meanwhile waiting for the Central Electoral Commission to announce tomorrow the list of deputies to the Albanian parliament. Their number is decided by the number of deputies and the percentages of votes gained nationwide by each party taking part in the first round. Calculations show that the number of deputies will be 140. Of these, 100 deputies have been elected directly by the people under the first-past-the-post system, and 40 will be elected on the basis of proportional representation.

Parliamentary seats will be distributed proportionately to every party that has won more than 4 percent of the votes, on the basis of the percentages of votes won nationwide after the first round. The votes gained by parties that did not achieve the 4-percent threshold will be distributed proportionately to those parties gaining more than 4 percent; in this case the PD, the PSSh, and the Social Democratic Party have gained the votes of other parties that did not succeed in gaining a foothold under proportional representation.

According to calculations, the PD will have 92 seats: 90 elected directly by the people under the first-past-the-post system, and two from the proportional representation lists. The PSSh will gain 38 seats: six elected directly by the people, and 32 gained under the proportional representation lists. The Social Democratic Party will have seven seats, one elected directly, and six others taken from the lists. The Human Rights Union has gained two directly-elected seats, and the Republican Party has gained one directly-elected seat.

Thus, at 1330 GMT tomorrow, you will be able to hear the lists of deputies constituting the Albanian parliament and a general statement to be issued by the Central Electoral Commission.

Land Distribution Continues in Librazhd District

AU3003193692 Tirana Radio Tirana Network in Albanian 1730 GMT 30 Mar 92

[Text] The application of the Land Law has given land to 11,700 families in Librazhd District, with the distribution of 90 percent of the total amount of land. Land distribution continues in the five villages of the Rajce area. Meanwhile, documentation is continuing, and the documents of 50 villages have been handed over to the Land Registry. Agronomists who have been recently appointed following the Council of Ministers' decree are filling in the forms for the title deeds. Title deeds have been delivered to 2,000 families so far, and it is intended to complete this process by 10 April.

In areas where title deeds have been delivered, social assistance for peasants with low incomes or without income is being calculated. The peasants of Farret, Shqiponje, Rajce Katund, Trevadh, and Kostenje were the first to receive money from this assistance. Along with these problems, working people and agricultural specialists are concentrating on the spring sowing. The 10-percent reduction in the price of oil by the Tractor Station itself has increased the rates of plowing, bringing hope for completing the sowing as soon as possible. However, the Seeds Department has obtained only 50 percent of the seeds so far and is apparently not responding to demand. Increasing agricultural production requires chemical fertilizers. The warehouses and depots are absolutely empty so far. Does this problem worry the workers of the chemical fertilizer combines?

Miners, Government Talks Fail To Reach Agreement

Podkrepa's Demands Reviewed

AU2803165392 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 28 Mar 92

[Petur Donchev report on government's talks with Podkrepa Miners Trade Union Federation at Council of Ministers in Sofia on 28 March]

[Text] The negotiations continued for more than three and a half hours, after which a recess was called. However, the main question is what the miners are demanding. First, they want their wages; it has already become clear that this problem can be resolved. Second, they want a precise program for the sector's future; they clearly understand that restructuring is necessary, but they also want precise social guarantees for this. Third, they want those who are to blame for the state of the mining sector to be punished. The names of the persons concerned were not mentioned, but I expect that our listeners can guess who they are.

The participants in the talks are as follows: Prime Minister Filip Dimitrov; Ministers Vekil Vanov and Aleksandur Aleksandrov; deputy ministers, including Deputy Minister Grigori Vazov from the Ministry of Industry and Trade; experts, and economic managers, for the first time. On the other side of the negotiating table are members of the Central Strike Committee of the Podkrepa Miners Trade Union Federation; leaders of the federation; confederative secretaries of the Podkrepa Labor Confederation; and Podkrepa experts. Mr. Emil Khursev, deputy manager of the Bulgarian National Bank, also joined in the talks. It is evident that talks will continue on providing credits for the structural changes in the sector, but the question is, what formula will be found.

Moreover, it is more than clear to me that the talks are running out of time, because after the recess was called it became clear that unless the strike is called off, no ore will be available on 30 March, and the lead and zinc plant in Kurdzhali will have to cease production. What are the consequences? If the problem is resolved later, it will take at least a month to restore production at the plant. It is reported that as a result of the loss of zinc production because of the strike, the state will lose—and note this carefully—no less than $2.850 million dollars under the contracts concluded with Western partners. It is a big problem.

Finally, one thing is clear: Whether or not the sides manage to agree to sign a joint document, on which it is too early to make a forecast, in any case the government will issue a declaration on the negotiations in progress, which we will report later on the Khorizont Program.

Miners Agree To Draft Document

AU2803182292 Sofia Khorizont Radio Network in Bulgarian 1730 GMT 28 Mar 92

[Petur Donchev report on government's talks with Podkrepa Miners Trade Union Federation at Council of Ministers in Sofia on 28 March]

[Excerpt] [passage omitted] Today's talks at the Council of Ministers in Sofia between the government and the Central Strike Committee of the Podkrepa Miners Trade Union Federation lasted for more than five and a half hours. The meeting was closed even to accredited journalists. It was clear to everyone that the two recesses called, although brief, indicated what was happening behind the closed doors of the conference room. The negotiations were evidently very difficult. Nevertheless, at about 1500 GMT a breakthrough became apparent, when the news was disseminated that an agreed text of a joint document was being prepared. This, incidentally, was confirmed. The document was issued by the Council of Ministers Press Center and includes the following—I quote:

Before 3 April 1992, the government will provide the necessary funds for the unpaid wages of employees in uranium and mineral ore mining, in the form of temporary financial aid from the account outside the budget set up by Council of Ministers Decree No. 27 of 1992.

Furthermore, the document states: The government has prepared a draft project for restructuring uranium mining and ore mining. As of 30 March 1992, a government commission is prepared to discuss before 15 April all additional proposals put forward by the trade unions. Within the same time period, the government will announce its final decision on restructuring the uranium and ore-mining industry, including a social program for this restructuring.

In conclusion, the document notes that the Central Strike Committee assumes the commitment to discuss the proposals made and to adopt a decision on the course of the strike actions as soon as possible.

This document, of which I have a copy, is signed by Prime Minister Filip Dimitrov and Dimitur Mladenov, chairman of the Central Strike Committee of the Podkrepa Miners Trade Union Federation.

With this document, the participants in the talks set off for Madan in order to discuss it at a full session of the federation's Central Strike Committee. If the full committee accepts the document, at 1400 tomorrow an agreement will be signed with the government at the Council of Ministers in Sofia, under which the strike should be called off.

Strike Situation Escalating

AU3003172592 Sofia Khorizont Radio Network in Bulgarian 1630 GMT 30 Mar 92

[Text] The miners are ready to proceed toward more resolute, I would even say, extreme actions, such as hunger strike of individual groups in certain pits, attempts to take women and children down in the pits, and so forth.

A sit-in was organized in the management headquarters of the Gorubso Mine in Madan and at the headquarters of the Fourth Mining Administration in Rudozem, and of the Sixth Mining Administration in Kurdzhali. Throughout the whole day the square in front of the management headquarters was full of miners and their families awaiting the Council of Ministers' decision about the negotiations being conducted today between the government and the Central Strike Committee.

As far as the telephone calls and faxes coming from all over the country today are concerned, we can only say that their flow was interminable throughout the day. We still cannot say what may happen at any moment. The situation is tense.

The Strike Committee is abstaining from extreme actions, but it is not sure whether it will be capable of maintaining the necessary discipline.

The demands for higher wages are not the real problem in this respect, the great problem is the future of the miners and the survival of their families.

Sides Fail To Reach Understanding

AU3003211192 Sofia BTA in English 2027 GMT 30 Mar 92

[Text] Sofia, March 30 (BTA)—The war of nerves at the Council of Ministers, where the government officials are holding talks with representatives of the Central Strike Committee of the Podkrepa Miners Federation, went on for 12 hours. No agreement was reached at the four meetings which alternated with long breaks for consultations.

"The miners' strike will now enter upon its second phase, Zhelyazko Atanasov, secretary of the Podkrepa Miners Federation, told BTA after the last 30-minute-long meeting held this evening. The strikers in Madan (Southern Bulgaria) are ready to take their wives and children down in the uranium pits and go on a hunger strike. The Podkrepa miners in Radnevo (southern Bulgaria) went on one-hour warning strike is support of their colleagues. They issued a declaration stating the mining of coal for the Maritsa-Iztok Thermoelectrical Station would be entirely stopped. If the coal supply is stopped, there will be power cuts in the country.

According to Prime Minister Filip Dimitrov "the goal which the Central Strike Committee is after is not reaching an agreement." "The miners are being made use of for other purposes," he said. The prime minister told journalists that the government was ready to satisfy the social demands raised by the strikers, but Podkrepa's headquarters still insists on the resignation of the Minister of Trade and Industry, Ivan Pushkarov.

Sources from the Podkrepa Labor Confederation who preferred anonymity confirmed before a BTA reporter that other industries were also ready to go on strike. According to Stamen Krivoshiev, secretary of the Podkrepa Labor Confederation, his trade union will probably consider the possibility of declaring effective nationwide strike.

By decision of the Central Strike Committee in Madan, the strike will go on until the government makes a satisfactory decision. The strikers occupied the building of the top administration of ore mining in the town.

At today's talks the representatives of the government and of the Central Strike Committee discussed the immediate payment of the amounts due for the wages actually earned in compliance with the branch agreement concluded with the miners. They also considered the establishment of a working group comprising representatives of the government, of the employees and of the Podkrepa Miners Federation which should present, within two weeks' time, the necessary economic motivation for the degree of efficiency of the concepts on the further development of ore mining in the country elaborated by the Ministry of Industry and Trade.

Miners and members of the Podkrepa Labor Confederation all over the country declared their support for the strikers.

* * * *

Representatives of the government, of the two major trade union organizations—the Podkrepa Labor Confederation and the Confederation of Independent Trade Unions in Bulgaria, and of the business executives, today considered the mechanism of the tripartite social partnership. It was decided that a working group comprising representatives of all concerned would draft the constitution of the new National Council for Social Partnership by April 7. Its first session is scheduled for tomorrow.

Podkrepa will not take part in the sessions of the working group. "It would be immoral to take part in them while the Podkrepa-affiliated miners are on strike," Podkrepa Secretary Stamen Krivoshiev said. He represents the Podkrepa Labor Confederation in the working group.

Miners Demand Removal of Pushkarov

AU3103080292 Sofia PODKREPA in Bulgarian 23 Mar 92 p 1

[Communique of the Central Strike Committee of the Podkrepa Miners Trade Union Federation; place and date not given]

[Text] On 22 March a meeting took place between the Confederative Council and the Central Strike Committee of the Podkrepa Miners' Trade Union Federation [Podkrepa SMF] with the prime minister, Mr. Filip Dimitrov.

The problems and causes were discussed that had led to the serious socioeconomic situation in the country, and which had provoked the ultimate and decisive protest of the miners: an effective national miners' strike. It turned out that despite the prime minister's instructions before his departure for Israel, Mr. Pushkarov once again did not fulfill his duties: To arrange for the clarification of the circumstances surrounding the mining of uranium and ore (by establishing competent commissions to investigate and analyze all proposals, concepts, and offers) so that the government can formulate its stance on these questions.

The Podkrepa SMF representatives categorically stated their position to the organization: not to work with institutions and individuals who:

If they are competent, clearly have the ill intention of standing in the way of the development of the branch by proposing a narrow departmental approach and putting personal interests first, thus causing catastrophic and immeasurable damage to the country;

For months on end, took no practical measures and sought no accountability from those respective officials for their criminal lack of action, despite the decisions taken by the government and the attempts of the trade unions to undertake creative and constructive action to resolve most of the problems.

Deceive the government and parliament about the branch's real potential and state where technology, marketing, and future development are concerned.

Mislead public opinion by creating the impression that problems do not exist, that they are working constructively with the miners, and that they can and will resolve their problems. (On 20 March 1992 Deputy Minister Spasov deceived a radio reporter by saying that negotiations had been conducted with Podkrepa SMF representatives and a resolution had been found.)

It was assessed that the lack of an authorized organ, set up on a government level with the participation of the trade unions authorized to take binding decisions, significantly contributed to the deepening of social conflicts and the proliferation of bad management.

At 0800 GMT on 23 March 1992, the proposal was put to Mr. Filip Dimitrov that constructive negotiations begin either with the government or with its representatives to resolve the problems of ore and uranium mining that reflect on the entire social and economic state of the country. However, as a guarantee of the good intentions and resolve of the government we insist that:

Mr. Pushkarov is removed from the Ministry of Trade and Industry!

This is only way possible of averting a national miners' strike after 23 March 1992.

Podkrepa SMF Central Strike Committee.

Podkrepa Calls For Civic Disobedience

AU3103095292 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 31 Mar 92

[Statement by government spokesperson Nadezhda Mikhaylova]

[Text] Good day. Alarming information is arriving at the Press Center of the Council of Ministers. It refers to actions of the Podkrepa Labor Confederation and calls for civic disobedience in certain parts of the country. I want especially to mention a report that was faxed from Madan, from which we learned that four or five Podkrepa cars have arrived in Gorubso. The Podkrepa members are appealing to women and children to enter the mines. What is even more alarming and disturbing is the fact that they are using loudspeakers to call upon the striking miners to use violence, i.e., to beat up all those who prevent the miners from entering the mines.

I think that this goes beyond all limits and we all are extremely alarmed by those reports. In addition we have reports that vehicles are heading toward Luki and Maritsa-East, and the people in the vehicles also are calling for civic disobedience.

In this context, as spokesperson for the government I would like to point out again that the government agrees to all points of the agreement with the miners, which express the trade union demands. This means articles one to eight, without article nine, which we consider illegal.

I would also like to point out that today at 1600 GMT Prime Minister Filip Dimitrov will have a meeting with the oblast administrators, mayors, and police commanders from the cities where there is a strike or readiness to strike. Instructions will be issued for maintaining law and order in the country.

Miners To Begin Hunger Strike

AU3103103292 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 31 Mar 92

[Text] What is new in the miners' strike? Our reporter Georgi Talev reports from Madan that early this morning the members of the Central Strike Committee returned to Madan. Yesterday at the talks with the Council of Ministers they had refused to retreat from their positions. The Strike Committee held a special urgent meeting at 0300 GMT this morning and adopted a decision to intensify their actions.

Some people call this new development the fifth or even the sixth stage of the Strike Committee program. In practice this means the green light for various actions, including illegal actions. The next step will be that

groups of miners will go into the mines. Medical equipment and technical safety services are on the alert. The places where the sit-in will take place have already been fixed. For the time being they are the Borieva and 9 September mines at the Gorubso First Mine Administration in Madan. It is presumed that the first groups to go on hunger strike in the mines will start their strike in the early afternoon.

In the meantime the Central Strike Committee has allowed the two ore-enriching plants in Rudozem and Kurdzhali to work until the metal that they have is processed. Afterward, work will stop by itself. This means that the fate of the Lead-Zinc Complex daughter company in Kurdzhali is at a risk. The company does not have any additional reserves of lead concentrate.

Our correspondent Georgi Talev also reports that shortly before 0800 GMT Minister Pushkarov called the economic director of Gorubso's Main Administration, and informed him that tomorrow, 1 April, Minister Ivan Kostov will attend the meeting of the Madan Directors' Council. This information was greeted with interest in Madan.

Ventsislav Gandev reports that all mines of the Balkan Mines Shareholders Association have stopped work following the decision on strike action that was adopted yesterday. Georgi Angelov, coordinator of the Podkrepa Miners Trade Union Federation at the company, told us that many members of the Confederation of Independent Trade Unions in Bulgaria have joined the strike. Miners in Sheshkingrad mines have also joined the strike. The determination of the Balkan mineworkers to begin real strike action was reinforced by the telex they received from the Ministry of Finance, which clearly states that the company will be closed down in the near future. This jeopardizes the social condition of many workers employed in the former Sliven, Stara Zagora, and Gabrovo Okrugs.

Vladimir Delchev reports that 200 of the 4,000 miners employed by Marbas in Dimitrovgrad have joined the strike. They are workers who perform basic functions and their strike paralyzes the activity of many brigades in the two mines.

The miners in the oldest mine in the country, the Lev mine at Krustets, have also joined the strike. The mine production has stopped. Steps have been taken to maintain the mines.

The leader of Pirin mine made a statement in which he refuted the reports that have appeared in certain mass media, according to which the miners' strike has also engulfed Brezhan. There is no interruption in our work because of any strike activities, he said today. This applies also to the mines in Oranovo and Kaolina.

In a memorandum sent to BTA, Ecoglasnost announced that it supports the decision to stop the mining of uranium in Bulgaria. Ecoglasnost urges the government to adopt specific measures and completely eliminate the branch. At the same time Ecoglasnost insists on the adoption of a social program that will protect the interests of the workers by providing opportunities for requalification and alternative employment.

BSP Leader Vows To Fight Property Confiscation

AU3103081892 Sofia DUMA in Bulgarian 24 Mar 92 p 1

[Stefan Severin report: "Zhan Videnov: BSP To Bring Hundreds of Actions"]

[Text] The Bulgarian Socialist Party [BSP] intends to bring hundreds of actions for the gross violation of the Law on the Confiscation of Party Property. The law has been used as a screen and every mayor interprets it in his own way, stated Zhan Videnov, chairman of the BSP's Supreme Council, at a news conference in Plovdiv.

From a practical point of view this law has revealed its repressive nature because it has provided grounds for many pseudo-legal acts to be committed. The violation of the law is an enormous failure on the part of those in government because they do not know how to implement it. He stated that in almost all the large towns the party councils have no accommodation. All promises that the confiscation would improve the social position of the pensioners and the poor, and that it would create an equal start for all political forces, turned out to be hot air.

The BSP leader stated that in the large towns the BSP club buildings were being requisitioned, whereas the Union of Democratic Forces was using municipal property and the facilities of the municipal companies.

Opinion Poll Shows Preference for SDS

AU3103114392 Sofia BTA in English 1013 GMT 31 Mar 92

[Text] Sofia, March 31 (BTA)—An opinion poll on attitudes to the parliamentary parties shows that if elections were held now, the Union of Democratic Forces (SDS) would come out winner even more categorically. The result of the poll are published in today's issue of the DEBATI weekly which offers information on parliamentary and political life.

The poll was held over the phone from March 25 through March 27 by a team of sociologists of DEBATI. The approval rating of the parliamentary work of the SDS is 24#, of the Bulgarian Socialist Party (BSP)—11#, of the Movement for Rights and Freedoms (MRF)—19#. The figures show that parliamentary work is approved by a total of 54# of respondents surveyed in bigger cities.

The approval rating of the three parliamentary forces as a whole, their extraparliamentary activity included, is lower. The SDS is approved by 22#, the BSP—By 13#, the MRF—by 9#. The sociologists believe that the lower prestige the MRF enjoys out of parliament can be explained by the fact that when parliamentary activity is involved, the attitude of a larger part of the SDS sympathizers is determined by their "coalition" tolerance of the MRF.

Asked which of the parliamentary forces they disapprove of most, 38# of the surveyed indicated the BSP and 36#—the MRF. The disapproval rating of the SDS is only 11#. Notwithstanding what hopes the opposition may entertain, the ruling coalition is not threatened by any serious loss of confidence of the majority of Bulgarian voters, the DEBATI weekly concludes.

Reforms Called For in National Radio, TV

AU3003163892 Sofia BTA in English 1409 GMT 30 Mar 92

[Text] Sofia, March 30 (BTA)—Bulgarian television had no chief in the last five months. The Parliamentary Commission on Radio and Television suggested that first the old totalitarian structures be liquidated and the two cultural institutions be established from scratch, which met with the opposition of the trade unions in the broadcasting media.

"The election of a chief is not the only problem of Bulgarian Television," Mikhail Nedelchev, chairman of the Parliamentary Commission on Radio and Television, told a news conference today. He said that most MP's [member of parliament] of the ruling Union of Democratic Forces (SDS) and the Bulgarian Socialist Party (BSP) believe that besides a new chief, the National Television also needs reforms. Unless parliament gives the new chief a chance to start reforms, he will be smashed by the system, Mr. Nedelchev said. But besides understanding, the idea met with opposition as well, mostly on the part of the MP's of the SDS. That is why the National Television does not have a chief yet. Mikhail Nedelchev said the election of a chief has failed so far because of backstage machinations.

The Parliamentary Commission on Radio and Television has had 18 open and nine plenary sessions so far. It has heard the programmes of many candidates for television chiefs. "But there are people who would do anything so that the National Television would not have a strong chief and they could get funds without control," Mr. Nedelchev stressed.

The suggestion of the parliamentary commission for radical reforms caused discontent in the National Radio, too. Four trade union organizations there called a seven-day strike alert last Friday [27 March]. They are protesting against the allocation of frequencies to foreign radio stations before the setting up of private Bulgarian radio stations and are demanding Mikhail Nedelchev's resignation. At the same time, a group of journalists working for the Khorizont programme supported the radical reform suggested by the commission.

There is no information yet as to whether the problems of the National Radio and Television are on parliament's agenda for this week and whether they will be debated at all.

Ganev, Serbian Minister Savic Assess Relations

AU3003182992 Sofia BTA in English 1612 GMT 30 Mar 92

[Text] Sofia, March 30 (BTA)—Today the Bulgarian deputy prime minister and minister of foreign affairs, Mr. Stoyan Ganev, met the minister of foreign economic relations of Serbia, Mr. Srdjan Savic, a spokesman of the Foreign Ministry told BTA. At the talks the guest stressed that his first visit to Bulgaria is a direct result of the visit the Bulgarian foreign minister paid to Belgrade a month ago.

"Bulgaria is one of the countries with which Serbia should promote very good and all-round economic relations and we have a number of specific proposals in this field," Mr. Srdjan Savic said. He pointed out that work is being done on the realization of the idea to set up a Bulgarian-Serbian business club, the spokesman said.

Mr. Ganev expressed his conviction that the favourable political basis of Bulgarian-Serbian relations will encourage economic contacts. He pointed to the necessity of establishing a bilateral commission on economic contacts, comprising experts in all fields, which would map out the possibilities for cooperation. "Regional economic interaction will help our integration into the European community," Foreign Minister Ganev said. He dwelled on Bulgaria's stand on the Yugoslav crisis stressing that Bulgaria recognizes both the freely expressed will for self-determination and independence of the republics and the democratic strife for establishing new formations.

Transport Minister Details Cooperation With Serbia

AU3003173492 Sofia BTA in English 1739 GMT 30 Mar 92

[Text] Sofia March 30 (BTA)—"We are seeking new opportunities for cooperation in transport, the road network, high-speed railways meeting European standards and power generation in the railway transport. The Serbian partners are showing interest in the project for a new airport near Sofia and in transit haulage across the country to the Black Sea ports," Transport Minister Aleksandur Aleksandrov told BTA after today's meeting with Serbia's Minister of Foreign Economic Relations Serdjan Savic.

According to Mr. Aleksandrov there are opportunities for cooperation with Serbia and the transport ministers should meet in the near future.

The Serbian delegation today had talks with officials of the Ministry of Industry and Trade and of the Ministry of Agriculture. "Our aim is to try to solve problems with joint efforts and to seek new opportunities for mutually advantageous cooperation. We may consider entering together not only the Balkan markets but the Middle East markets as well," Mr. Savic said. According to him, Bulgaria and Serbia are facing similar problems during the transition to a market economy and the democratization of political and social life.

Treaty With Germany Concerns Public

AU3003164092 Prague CSTK in English 1858 GMT 26 Mar 92

[Text] Prague March 26 (CSTK)— A majority of citizens in Bohemia (58 percent) and in Moravia (49 percent), and 33 percent in Slovakia think that the postwar transfer of Sudeten Germans from Czechoslovakia was just, according to a recent poll of 1,206 people over 15 in Czechoslovakia.

The poll, conducted by the Prague-based Institute for Public Opinion Research, showed 25 percent of those questioned agree with the need to break with the past, while six percent believe that the transfer was unjust and Czechoslovakia must apologize for it.

Forty-three percent of the questioned people were concerned that the Czechoslovak-German Friendship Treaty, signed on February 27, might pose a threat to the property of people living in the border regions from where the Germans were transferred, whereas 46 percent think the treaty will help Czechoslovakia boost its economic development. 33 percent think that the treaty might in the future put into question Czechoslovakia's borders.

According to 13 percent of Czechoslovak citizens, Germany threatens world security, 22 percent think it threatens only security in Europe, and 27 percent are concerned about Czechoslovakia's security.

Deputy Comments on Broadcasting Debate

LD3003133192 Prague Stanice Ceskoslovensko Radio Network in Czech 1700 GMT 26 Mar 92

[Text] Federal Assembly deputies have been debating in their councils the future fate of Prague Radio and Television. Correspondent Jan Kulhavy spoke to Deputy Tomas Kopriva, member of the parliamentary constitutional and legal committee.

[Begin recording] [Kulhavy] Deputy, there are two alternatives for Czechoslovak Radio and Television. The first is backed by the federal government and assumes the setting up of independent entities, that is, Czechoslovak Radio and the Czechoslovak Television.

The second is sponsored by deputies, and assumes the creation of a federal association of radio and television broadcasting, and joint running of federal transmission circuits. Even though the constitutional and legal committees are not in the position of guarantors, their word carries considerable weight. What was your stance on the issue today?

[Kopriva] The balance is tipping toward the deputy-sponsored bill for several reasons, the first being the means of financing. The deputy-sponsored bill counts on the radio and television not being a state-subsidized organization. The state would, of course, contribute to these institutions' operation and equipment, but the finance would be for a specific once-only purpose. Five percent of license fees, that is fees payable bu users, would go to the coffers of a federal association of radio and television broadcasting, which would be set up.

The second reason is the administration. The deputy-sponsored bill envisages one administrative network, shared by the radio and television.

[Kulhavy] Whatever the outcome in parliament, when Prague Stanice Ceskoslovensko Radio Network [RCZSL] ends up being run by an independent Czechoslovak radio or by a federal association, the listeners will want to know what effect this will have on broadcasts.

[Kopriva] The law bears this in mind. The deputy-sponsored bill contains the following philosophy. The deputies wish to see the news reports prevail, similar to today's RCZSL broadcast schedule. We think that other aspects such as culture or sport are governed more by the republics. After all, if there are any specific national features, they are just that—their culture. News broadasting should be something which brings the two republics together.

[Kulhavy] Sometimes in parliament there are voices heard to the effect that RCZSL ought not have its own news journalists, and that even the news and current affairs programs should be shared by both national circuits.

[Kopriva] We totally disagree with this idea. In contrast, we think that the situation where a federal radio station has its own news throughout the republic should be duplicated in television. It happens quite often that Czech or Slovak television have their own items, which are broadcast by the federal station. However, the federal editors have no prior knowledge of these contributions, and therefore cannot take responsibility for such broadcasts. We think that their own reporting teams should exist not just in radio but also in television. [end recording]

Czech Government Discusses Media Ownership

LD3003204192 Prague Stanice Praha Radio Network in Czech 2130 GMT 25 Mar 92

[Excerpts] The Government of the Czech Republic continued to discuss additional points on its agenda today. The agenda included a draft resolution on what to do next with the destatized Typos, Typografie, and Delta press enterprises. Discussion of this issue alone took many hours, and because the problem at issue is very complex I will take the liberty of citing the final outcome, or the government's resolution.

The government noted that the assets belonging to Typografie, Typos, and Delta, the former special facilities of the Communist Party of Czechoslovakia [CPCZ] Central Committee, have passed to state ownership. [passage omitted]

The government reserves the right to approve such a manner of privatization of the aforementioned facilities so as to preserve the well-being of the people and guarantee freedom of speech. In order to (?define) these interests, the government has set up a working group comprising cabinet members. [passage omitted]

Dubcek Voted Chairman of Slovak Social Democrats

LD2803183592 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1730 GMT 28 Mar 92

[Text] The election campaign and manifesto were on the agenda of the Slovak Social Democratic Party congress in Bratislava. The delegates elected Alexander Dubcek as the party's chairman. In his speech, Dubcek recalled that social democracy must become a stabilizing factor with a significant influence on the state's policy. He defined the party's main policy issues as a prosperous, ecology-oriented, and socially just market economy, democratic rights and liberties for every citizen, and a common state of Czechs and Slovaks based on principles of equality, accord, and responsibility of each nation for developments in its republic.

Meciar Does Not Reject Cooperation 'With Anyone'

AU3103084292 Bratislava NARODNA OBRODA in Slovak 25 Mar 92 p 3

[Interview with Vladimir Meciar, chairman of the Movement for a Democratic Slovakia, by Alena Melicharkova in the "Election Interviews" column; place and date not given: "It Is Desirable That the Czechs Should Proceed Likewise"]

[Excerpt] [passage omitted] [Melicharkova] You are expected to do well in the elections. Most likely, you will participate in the formation of the government. With whom would you enter into a coalition, and with whom not?

[Meciar] The balance of forces on the political scene will emerge from the elections. We do not reject post-election cooperation with anyone. However, cooperation does not mean coalition. It is necessary to consider the pluses and minuses of individual partners and to make an unequivocal decision and say that this partner will suit us and that partner provides a guarantee of post-election cooperation.... We are trying to build such a strong position for ourselves so that there is someone capable of shouldering and bringing about what Slovakia needs. We are not going to speak about post-election coalitions before we know how individual parties come out of the elections. That issue will be settled within a few weeks after the elections. As far as federal bodies are concerned, the situation in the Czech Republic is very confusing. In my opinion, no party will emerge as a clear winner there. If we look at the forecasts of Czech-Slovak relations, they show that the Czech right will be in the minority, even though it is doing everything it can to avoid this. In other words, there are all kinds of possible coalitions. As I said already, we do not reject post-election cooperation with anyone.

[Melicharkova] Not even with the Christian Democratic Movement [KDH] with Jan Carnogursky at its head?

[Meciar] Not even with the KDH. What we do reject, however, is cooperation with family clans.

Union Confederation Elects New President

LD3003210592 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 2030 GMT 28 Mar 92

[Text] Richard Falbr, until now vice president of the Czech-Moravian Trade Union of Employees in Services, has become the new president of the Czech and Slovak Confederation of Trade Unions. The General Council elected him in Podivin in the fifth round of voting.

Josef Michal, executive secretary of the Council, said the General Council of the Czech and Slovak Confederation of Trade Unions will not acquiesce to the general agreement of the federation for this year unless the rules for wage regulation are altered.

Politicians Suffer Drop in Popularity

AU3003164592 Prague CSTK in English 1629 GMT 26 Mar 92

[Text] Prague March 26 (CSTK)— Czechoslovak President Vaclav Havel ranked first, Foreign Minister Jiri Dienstbier second, and Finance Minister Vaclav Klaus third according to a public opinion poll conducted at the start of March among 1,207 Czechoslovak citizens over 15. In the survey, conducted by the Prague-based Institute for Public Opinion Research, Havel was keeping his first position with 71 percent although his popularity slightly dropped (11 percent) against the January figures.

Dienstbier received 62 percent (five percent less than last January) and Klaus 54 percent. Czechoslovak Economics Minister Vladimir Dlouhy placed fourth with 54 percent (a six percent drop against January) and Valtr Komarek, director of the Economic Forecasting Institute, fifth with 51 percent (a four percent drop).

Czechoslovak federal parliament chairman Alexander Dubcek, a prominent figure of the 1968 communist reform movement, ranked ninth with 39 percent which was a six percent decrease against January, and the first of Slovak politicians—Vladimir Meciar, chairman of Slovakia's strongest opposition "Movement for a Democratic Slovakia" (HZDS)—ranked twelfth with 33 percent.

In the Czech Republic, Havel is also the most popular personality (80 percent, minus nine percent against January), followed by Dienstbier (68 percent, minus six percent), Dlouhy (65 percent), Klaus (64 percent), and Czechoslovak Minister of Labor and Social Affairs Petr Miller (54 percent, minus seven percent against the January figures). Democratic Left Party (SDL, former communists) Chairman Peter Weiss, the first from among Slovak politicians, ranked fourteenth with 29 percent (a 17 percent increase against January). He was followed by Dubcek with 26 percent (a four percent decrease).

A public opinion poll conducted by the Slovak Statistical Office in early March among 1,252 Slovak respondents over 18 showed Meciar as a politician who is trusted most in Slovakia, receiving 48 percent of votes (51.4 percent in February). Meciar was followed by Dubcek with 32 percent (23.2 percent in February) and Weiss with 23.7 percent (20.4 percent in February). From Czech politicians, President Havel is trusted most with 19.6 percent (15.3 percent in February).

Czech, Slovak Parties Support Polled

AU3103091592 Bratislava NARODNA OBRODA in Slovak 26 Mar 92 p 2

[CSTK report: "Development of Electoral Preferences in the Czech Republic and the Slovak Republic"]

[Text] Prague— Surveys conducted by the Institute for Public Opinion Research show that the Civic Democratic Party [ODS] in the Czech Republic and the Movement for a Democratic Slovakia [HZDS] in Slovakia have retained their lead in the opinion polls. More than 1,000 Czechoslovak citizens were asked which political party or movement they would vote for if elections to the Federal Assembly were held next week.

Development of Electoral Preferences in the Czech Republic (in percent)

	2-9 Jan	3-10 Feb	4-9 Mar
ODS	21	22	19 (19)
Communist Party of Bohemia and Moravia	7	9	8 (9)
Czechoslovak Social Democracy	10	10	7 (9)
Liberal Social Union	7	7	7 (9)
Christian and Democratic Union-Czechoslovak People's Party	5	6	5 (6)
Civic Democratic Alliance	3	3	5 (5)
Civic Movement	4	5	4 (4)
Movement for Self-Governing Democracy-Society for Moravia and Silesia	3	2	3 (4)
Association for the Republic-Republican Party of Czechoslovakia	3	4	3 (4)
Christian Democratic Party	2	2	1 (1)
other parties	5	4	4 (7)
don't know	30	26	33 (23)
number of respondents	770	665	680 (787)

Development of Electoral Preferences in the Slovak Republic (in percent)

	2-9 Jan	3-10 Feb	4-9 Mar
HZDS	27	31	30 (30)
Christian Democratic Movement	15	14	13 (14)
Slovak National Party	10	12	13 (13)
Party of the Democratic Left	10	9	13 (12)
Democratic Party	3	4	5 (5)
Greens	3	3	3 (4)
Civic Democratic Union-Public Against Violence	4	3	2 (2)
Coexistence & Hungarian Christian Democratic Movement	4	4	3 (4)
Other parties	4	4	1 (3)
Do not know	20	16	17 (13)
Number of respondents	336	309	329 (373)

Note: The figures in brackets give the proportion of supporters of the party in question among all eligible voters. That is, even those are included who have not yet decided whether to actually give their vote to their "favorite" party as well as those who do not intend to go to the polls. The last survey was carried out prior to the breaking away of the Slovak Christian Democratic Movement from the Christian Democratic Movement.

Antall Urges 'Political Democracy'

LD3003152992 Budapest MTI in English 1701 GMT 29 Mar 92

[Text] Budapest, March 29 (MTI)—"The accusation that the government coalition is insensitive towards social issues has no grounds whatsoever. We have not been able to do everything possible, in accordance with our political goals, that we consider important from the welfare point of view, due to the circumstances and the conditions. We have always indicated throughout this transformation that the country is in a serious situation, that years testing the strength of the people will follow," said Prime Minister Jozsef Antall, president of the Hungarian Democratic Forum, at the HDF's Women's Forum held in Budapest on Sunday.

"At present, we can mainly count on ourselves, we cannot expect the Western world to assist us with aid...we should avoid for political emotions to run so high that the parliamentary forces disarray themselves.

"In view of this, it is important for those committed to political democracy to remain on speaking and negotiating terms with each other, while voicing their opposition. We should avoid a tribal war, in Hungary. We do not want to avoid criticism. This issue does not come up at all, as there has never before been a period in Hungarian politics when people could criticize the government in such a manner. Certain groups of the opposition, and certain groups of the representatives of the press are now acting out their oppressed political adolescent anxieties by abusing everything possible, while old or future fears appear in their dreams. No one needs be afraid of them as long as we are in place, for nothing but political democracy can exist in this country. Our task is to work on the basis of parliamentary democracy in the interest of the Hungarian nation," Antall said.

Termination of Dam Contract Said Justified

AU3103090292 Budapest MAGYAR HIRLAP in Hungarian 26 Mar 92 p 5

[Interview with Ferenc Madl, minister without portfolio in charge of the Bos-Nagymaros river dam issue, by Zoltan Otvos; place and date not given: "The Parliament Decision Has Created a Clear Situation"]

[Text] Spring seems to have brought a turning point in the history of the Bos-Nagymaros river dam. The Hungarian parliament decided on 16 April 1991 to authorize the government to begin negotiations with the CSFR Government on abrogating the 1977 interstate agreement by mutual consent. On 24 March 1992, the Hungarian parliament decided that if the CSFR Government fails to halt the construction of the C-version of the scheme by 30 April 1992, our government will have to terminate the contract. We asked Ferenc Madl about the latest parliamentary decision and the expected government measures.

[Madl] This decision expresses the Hungarian position according to which we cannot accept the unilateral construction activity of the CSFR government and its unilateral efforts to operate the Bos river dam alone, something that involves a unilateral diversion of the River Danube. This cannot be accepted because of the ecological consequences and because this violates Hungary's territorial integrity and the international agreements on making the Danube an international river. As a result, we are now facing a forced situation of terminating the interstate agreement signed in 1977. However, we refrained from terminating this agreement immediately for the benefit of European norms and legal procedures, as well as in order to avoid tensions between the two countries. This issue should be settled by peaceful means, and not by unilateral and illegal actions. Our National Assembly also agreed to authorize our government to call upon the CSFR Government once again to consider the situation and accept the tripartite expert examination. As a result of this examination, the two countries would jointly decide on settling this legal debate. If the other side rejects this and makes unilateral and illegal steps, the Hungarian Government will terminate this interstate agreement. Our government will do this if a genuine positive answer to this proposal fails to arrive by 30 April. The Hungarian Government is ready to discuss new agreements to deal with the post-termination situation and the flood prevention and shipping problems. The last essential point is that we are talking about a major European issue here, not only about a strictly bilateral issue, particularly if we have to terminate the contract. Therefore, the Hungarian Parliament acknowledges the fact our government informs many international organizations about the Hungarian position and asks them for understanding and support, as well as for the creation of a joint committee of experts.

[Otvos] There will be parliamentary elections in the CSFR in June. In view of this, when can we expect the creation of the aforementioned joint committee of experts?

[Madl] I am not sure that we should wait for an answer after the elections are over. The issue now is whether they accept the experts' examination, rather than the need to decide on the basic problem. This is not only a Hungarian interest. This project threatens the drinking water of both South Slovakia and Hungary.

[Otvos] There was a statement made at a recent meeting in Vienna according to which the completion and operation of the Bos power plant is one of the major Slovak national tasks. They did not give up hope of once jointly completing construction according to the original plans. What hopes are involved in such statements?

[Madl] I am not aware of any Hungarian source that agrees with the operation of this project according to the original plans. There is no competent opinion that, without examination, would dare to say that any variation of this power plant could be operated safely.

[Otvos] The head of the legal department of the CSFR Foreign Ministry declared recently that they would

demand financial compensation from the Hungarians for breach of contract. Do they have a right to do this?

[Madl] The termination of the contract is not taking place in an illegal way. In the course of this action, the justification of a demand for compensation is at least questionable. Under international law a contract may be lawfully terminated in the following conditions: An ecological emergency situation authorizes a given country to terminate a contract, and so does "any forced implementation of the impossible." A country cannot be forced to abide by a contract that threatens 45 percent of its population with a shortage of drinking water.

[Otvos] In a declaration made in Gyor, Hungarian Environmental Protection Minister Sandor K. Kereztes spoke about a technical compromise. Do you think this is possible?

[Madl] I am not aware of any technical compromise on the operation of either part of the project or the entire project. I think it is extremely important to set up a joint committee of experts to sum up the experience of the last 15 years and give answers to various questions that are still open. For example, there is still no proof that the Bos power plant is not dangerous, and we should be certain of this. Today, every issue of possible environmental damage is viewed by international environmental protection bodies and approached by the law from the opposite direction: The constructors must prove that the project is safe. Mr. Sandor K. Keresztes probably meant a technical compromise on the Szigetkoz area, namely that, as a result of the bed of the Danube being lower, we need some kind of technical intervention to stop the Szigetkoz area from drying out.

[Otvos] What will the Hungarian Government do if no answer comes by 30 April? I ask this because the other side has promised to start operations at the Bos river dam at the beginning of October.

[Madl] The decision has created a clear situation: If no answer arrives by 30 April, the Hungarian side will terminate the contract by a unilateral declaration. If a negative answer comes earlier than the aforementioned deadline, our government will terminate the contract sooner.

Antall Regime Accused of 'Nationalistic Excesses'

LD3103095492 Belgrade TANJUG in English 1258 GMT 30 Mar 92

[Text] Budapest, March 30 (TANJUG)—Liberal intellectual circles in Hungary have lately increasingly been pointing to authoritarian and nationalistic excesses in the government of Prime Minister Jozsef Antall, describing it as "a tree in whose shadow nothing grows." The image of Hungary as a country on a one-way road to democracy and an open society—as the prime minister often describes it—has begun to wane in the face of criticism.

The Liberals are cautioning about a growing influence of right-wing nationalist forces in the Hungarian Democratic Forum (HDF) with a strongly populist shading. They point to growing xenophobia among the Hungarian youth, whose tolerance for certain ethnic groups is falling, especially for Romanies (gypsies) and students and immigrants from third world countries. On top of this comes the traditionally concealed or even open anti-semitism, which is said to be incited by the HDF's nationalist wing.

Renowned Hungarian writer and President of the International Pen Club Gyoergy Konrad recently posed publicly the following question: "Why is the prime minister only sensitive and antagonizing to criticism emanating from Liberals and not to those from the far right. Why is it only the opposition press that is the target of fierce attacks and not the conservative press."

Budapest Mayor and member of the Opposition Alliance of Free Democrats Gabor Demszky during a celebration of an anniversary of the Kossuth revolution demanded a stop to pressures on the most influential newspapers and especially the television. He was alluding to the efforts by the government and the HDF to find a legal loophole to replace the politically unreliable directors of the radio and television.

Rightist extremists demonstrated recently and demanded the removal of the TV director and "other communists and a-national elements," in spite of the fact that Hungarian television's programme can be called anything but communist-oriented. The protesters demonstrated their low tolerance level by physically assaulting a reporter of the MTI news agency.

Hungarian writer Istvan Oersi wrote in the NEPSZABADSAG daily that in his view the government was simply striving to get a firm grip on the information media after failing to win over most of the intelligentsia and journalists. The respected author uttered the sharpest criticism of the government's policy to be heard so far—"the government identifies itself with the nation, any anyone against the government is thus automatically an enemy of the nation." In all this one sees similarities between the policies pursued by Horthy (World War Two Fascist leader), Kadar (longtime Communist leader) and Antall.

At Horthy's time it was the left that the enemy of the state, in particular the Communists and Socialists, as well as all Jews—regardless of their political views, they were all called traitors to the nation.

During Kadar's era, the enemies of the nation were all those who rejected the principle that the interests of the party and the nation were identical. In the age of Antall, the enemies of the nation are all those who do not agree fully with the government, in the ideological sense the adherents of all ideological persuasions save the Christian Democrats—in particular Socialists and Liberals, the renowned Hungarian writer concluded.

In Oersi's view, bowing to the nationalistic right wing is what links Antall's regime with Horthy's. "Designating liberalism and socialism a-national ideologies is what drove Horthy's regime to Fascism. In the ideological atmosphere created by Antall's government similar dangers are increasingly evident," he says.

Net Foreign Debt Decreases by $2 Billion

AU3003142592 Budapest MAGYAR HIRLAP in Hungarian 27 Mar 92 p 11

[MTI report: "Exactly the Opposite of the Independent Experts' Opinion Is True—Net Debt Decreased by 2 Billion"]

[Text] Net capital withdrawal from Hungary is nonexistent. There was none in 1991 either. In 1992, the amount of incoming capital is even greater than the amount of our interest payments on outstanding debts, Frigyes Harshegyi, deputy chairman of the Hungarian National Bank [MNB], said in his reaction to the experts' speeches at the international debt crisis conference held in Hungary at the beginning of the week.

Conflicting opinions were expressed on crisis remedies at the conference, which included representatives of parliamentary political parties and independent experts. Hungarian political party representatives generally agreed that the continuous and regular repayment of debt and interest was important for Hungary. At the same time, a number of independent experts said that the economy would not escape the crisis without debt concessions, because capital withdrawal from the economy resulted in a net loss anyway.

Harshegyi emphasized that the net interest paid in 1991 was $1.3 billion. During the same period, some $2 billion in investment capital entered the country. Therefore, exactly the opposite of what the independent experts had claimed was true. Net capital inflow was $700 million in 1991, or 3 percent of gross domestic product. It is a fact that the expiring debts also had to be repaid, but the MNB solved this through obtaining new loans and issuing bonds, therefore, it did not affect the capital movement. The improved debt position is also indicated by the considerable reduction in the net amount of debt, from $16 billion to $14 billion. MNB foreign currency reserves now exceed $4 billion.

The positive trends continue this year. As a result of additional foreign investment, some $400 million in cash entered the country during the first two and one-half months. The current balance of payments continues to have a surplus, which is expected to reach some $300-400 million at the end of the first quarter.

We could not delay terminating the unprofitable industries or carrying out the very painful restructuring process, even if Hungary had no debt at all. This, rather than the heavy debt burden, is the reason for having to close the mines and reduce the production of unprofitable metallurgical and other facilities.

It can be increasingly seen in Hungary that the problems are caused by the excess, rather than the lack, of capital. There are few good investment ideas and developments that facilitate the economical production of goods that can be exported. This is why some foreign credits have not been used. Beginning in 1991, a complete changeover to the world market was carried out in Hungary. Prices were freed, exports became dominated by dollar-accounting, and imports have been liberalized almost entirely. In spite of the quick changeover, the current balance of payments had a surplus because exports increased fairly fast and they still exceed imports. The influx of working capital increased as a result of liberalization, which is one of the crucial factors of the change in economic structure. In case Hungary was thinking about having its debts eased, it would hardly be able to expect such unified trust from foreign investors and such an initiative would destroy the ongoing positive processes.

National Bank Chairman Views Modernization

AU3103082892 Budapest MAGYAR NEMZET in Hungarian 24 Mar 92 p 8

[Interview with Chairman of the Hungarian National Bank Akos Peter Bod by Laszlo Gergely; place and date not given: "Bank Modernization Is a Condition of Survival—Akos Peter Bod on the Privatization of Financial Institutions"]

[Excerpts] In the last five years, the development of the Hungarian banking system was not able to reach the level necessary to comply with the EC norms. To overcome the shortcomings, the World Bank has been participating in modernizing our financial infrastructure through preparing a $66-million loan at the end of 1989 and some other considerable financial resources more recently. The electronic inter-bank giro [direct credit transfer from one account to another] system will soon be implemented in Hungary, which is a necessary element of compatibility with Europe. However, this in itself is not sufficient to improve the general level of financial culture in Hungary. To improve that, it is not enough to introduce electronic processing in the various trade banks, but it is also necessary to change the legal, cultural, and even the confidentiality conditions in such a way as will enable us to link up with the developed world. We asked Akos Peter Bod to give some indications on this area.

[Gergely] Essentially, making the banks compatible is only a question of money today. However, it is not certain that we will achieve the required level through this....

[Bod] Indeed, we are still far behind. Today, the use of cash in Hungary is at the level of the 1930's in America. Almost all employees take their pay home in their pockets. In many places in the West, payment in cash is a category only used for seasonal workers. Therefore, it is not enough to modernize the technical level of banks; it is also necessary to change the financial culture of the population. [passage omitted]

[Gergely] Nevertheless, it is the banks that should take the first steps. It is thought provoking, though, that the commercial banks are left too much to their own devices and have to rely on their own strength when turning to the World Bank for loans. In 1992, a number of them can expect much lower profits and, therefore, can put forward only a fraction of own resources. As the whole economy is in a transitional period, for a short time, it might be justified to artificially intervene in the purposeful development of our infrastructure, which is also important for our international image.

[Bod] The Hungarian National Bank [MNB] is responsible for the functioning and security of the money circulation, and it asserts its points of view in this respect. Just one example: If a bank wants to set up business in Hungary and does not wish to enter the electronic giro system, then it will not be given permission. If a bank wants to run accounts then we prescribe the level that makes the link with the giro system possible. [passage omitted] The first—gradually exhausted—$66 million World Bank loan resulted in bank development programs that, for example, ended in the giro system. In other words, no more solutions are produced that are incompatible with the system. [passage omitted]

[Gergely] In 1992, we have to expect that the commercial banks will be less profitable. Does this fact influence their privatization intentions?

[Bod] I do not think that the smaller profit would slow the technical renewal process at least. A considerable part of the former bank profits went into the state budget. Because of the high bank interest rates, there was a transfer from the entrepreneurial sector to the budget. This inflationary transfer will decrease with the reduction of inflation. The banks' interest rates will also probably decrease, and parallel to this, the visible bank profits will also decrease. However, this smaller profit does not stop privatization because the value of an enterprise is not determined by its most recent profits but by the profit-making ability expected by the new owner. As for the sums allocated to technical modernization, they are gradually becoming a condition for survival. An enterprise cannot allow itself two weeks to transfer money when its competitor conducts same-day accounting, calculates on the daily value, and transfers the following day. This way, the former simply falls out of the market. Therefore, the matter to decide will be what technology to use for modernization, rather than whether to modernize at all.

[Gergely] A recent MNB decision was the devaluation of the forint. Many people thought that this was justified and necessary, but the majority were surprised by this action. What was the reason for this decision? The nearly 2 percent also means that the MNB, in its own right, can devalue the forint by another 3 percent this year. Will the MNB use this right later, and if it will, what will make this necessary?

[Bod] The central bank simultaneously reduced a few interest rates on loans and devalued the forint by 1.9 percent. Both correcting measures reflect the decrease in inflation that started six months ago. The domestic price index is higher than the usual 3 to 5 percent inflation norm of countries that have a strong currency. Therefore, the forint's dollar-price and ecu-price cannot be left unchanged for a long period. It is good that the devaluation was small. We will continue to have to make the necessary corrections until the Hungarian price index fits into the money processes of our developed partner countries. [passage omitted]

[Gergely] Last year, the budget enjoyed the considerable and unexpected savings of the population. According to analysts, the level of savings will decrease if a growth starts this year. Does the MNB take this into account?

[Bod] [passage omitted] If the rate of savings decreases because more people invest as a result of an economic boom rather than put their income into banks, that is not a problem but something good. This would not shake the macroeconomic processes. Based on the statistics of the first two months, the other element is the invariably high foreign capital investment in Hungary. In my view, the character of 1992 will be similar to that of the second half of 1991.

Democratic Forum Vice President Views Support

LD3003153792 Budapest MTI in English 1913 GMT 28 Mar 92

[Text] Budapest, March 28 (MTI)—"In my view, the situation of the Hungarian Democratic Forum [HDF] is far better than what the so-called public opinion polls show us. A considerable proportion of the country's population is not engaged with politics. Their opinion will be decisive at the next elections. Within the smaller proportion who take an active interest in politics, I believe the position of the HDF is just as good as earlier," said HDF Vice-President Lajos Fur, minister of defence, at his press conference held on Saturday following the HDF's Somogy County, Southern Hungary, Organization Conference, held in Marcali.

Answering a question by MTI, on whether the HDF has a strategy for the next elections, and if so what the strategy is, Fur said the party is now working out its strategy. "The strategy of organization, of propaganda, a new programme is being put together, and a new organizational structure is also being prepared. It would thus be premature for me to discuss what our strategy will be," Fur said. Discussing the extremist manifestations made within the HDF, Fur said these views can be heard only very rarely. "There are no extremists, only views which formulate the HDF programme in a more radical way," the vice-president of the government coalition's leading party said.

Solidarity's Jurczyk Urges Talks With Olszewski

LD2803000392 Warsaw PAP in English 1755 GMT 27 Mar 92

[Text] Szczecin, March 27—Chairman of the National Commission of the "Solidarity 80" Union Marian Jurczyk, in an open letter sent Friday [27 March] to the prime minister, urged Jan Olszewski to hold talks with him. The need for such a meeting, the "Solidarity 80" leader motivated by a "substantially different approach of his union to methods of overcoming both the economic crisis and main difficulties faced by the country than those presented by the government in the assumptions of socioeconomic policy for 1992." Jurczyk also wrote that resolutions of the second "Solidarity 80" congress obliged him to conduct such a meeting with the prime minister.

Government, Solidarity To Sign 'Protocol'

LD3103041892 Warsaw PAP in English 2305 GMT 30 Mar 92

[Text] Warsaw, March 30—No agreement but only a protocol of decisions and differences of opinion will be signed, spokesman for the Solidarity National Commission Andrzej Adamczyk told journalists after about ten hours of the government-Solidarity talks in Warsaw on Monday [30 March].

Solidarity trade unionists continue to deem the government guidelines of the socioeconomic policy as incoherent and too general and find the results of the talks unsatisfactory. They also regret that the government failed to supply documents necessary to hold talks on social policy. The Solidarity National Commission will adopt a stand on this question Wednesday [1 April] but Andrzej Adamczyk admitted that the talks brought progress as compared with the ones held last week.

According to government spokesman Marcin Gugulski, both sides reached the greatest convergence of views in groups dealing with unemployment and the rule of law in the economy. Both sides decided to set up a government-Solidarity team to prepare the criteria for and measures applied in regions threatened with high unemployment. The team will prepare proposals for the government socioeconomic committee.

By the end of June 1992, the government and Solidarity plan to have a bill drafted on setting up an insurance company guaranteeing financial claims for employees of enterprises going bankrupt.

The government will assign funds from foreign assistance (including that from the World Bank) to fight unemployment. A team for social policy decided that the government would present a bill changing the principles of granting family and nursing allowances by April 6. A government-Solidarity meeting to discuss a change in principles of remunerating employees of the public sector will be held in ten days. The talks summing up decisions of the team for the socioeconomic policy still continued late into the night.

Mazowiecki Plans for Forming 'Big Coalition'

LD3003123192 Warsaw PAP in English 1910 GMT 28 Mar 92

[Text] Warsaw, March 28—Leader of the Democratic Union (UD) Tadeusz Mazowiecki said that his party, the Liberal-Democratic Congress (KLD) and the Polish Economic Programme (PPG), often called the "small coalition," will offer to the ruling coalition a programmatic and political plan enabling the creation of a "big coalition."

Mazowiecki announced this after a meeting with KLD chief Donald Tusk and leader of the PPG parliamentary floor group Tomasz Bankowski in Warsaw on Saturday [28 March]. Leaders of the three parties stressed after the meeting that the "big coalition" is indispensable.

Meanwhile, leader of the Peasant Party (PSL) Waldemar Pawlak told his party activists in Lodz on Saturday that the ruling coalition's economic and political tasks and goals must be clearly defined and its foreign policy open not only to the western neighbour.

Pawlak added that a new constitution and laws on political parties and elections should be adopted urgently and then "the PSL will be able to join the new coalition." He also stressed that the domestic food and textiles market must be better protected against international competitors.

Spychalska Announces Plans To Restructure OPZZ

LD2803232592 Warsaw PAP in English 1920 GMT 27 Mar 92

[Text] Koszalin, March 27—Leader of the All-Poland Alliance of Trade Unions (OPZZ) Ewa Spychalska announced during a Friday [27 March] meeting with trade unionists held in the Northern Polish town of Koszalin that she planned to restructure OPZZ and create only several branch unions.

Ewa Spychalska motivated the plan to restructure OPZZ by the fact that too many trade unions belonged to OPZZ now and it hampered the efficiency of the alliance's activity. Organizational changes—according to the OPZZ leader—will strengthen the unity of the alliance and make it a substantial power.

Asked to characterise OPZZ's strategy towards the government, Ewa Spychalska said that OPZZ would try to continue talks with the government, which had been broken. She added that OPZZ's present strategy included new tasks: fighting against unemployment, solving the problem of wages and jobs. OPZZ leader stated that strikes could be staged but it should first be considered whether they were really necessary and what type of a strike was best.

KPN Holds Congress, Decides To Uphold Party

Members To Elect New Authorities

LD3003150192 Warsaw PAP in English 1343 GMT 28 Mar 92

[Text] Warsaw, March 28—The two-day congress of Confederation for an Independent Poland [KPN], which started here Saturday [28 March], took a decision to uphold the party. The congress is also going to elect new KPN authorities.

The KPN leader, Leszek Moczulski, who received a standing ovation from his fellow members, said the party's long range target now is to set "a politically durable organisation composed of states situated between the (Baltic and Black) seas. This is that part of Europe which has freed itself from the Moscow hegemony and today is struggling to cope with its internal problems."

The KPN's short-range target according to Moczulski is to create a properly functioning civil state in Poland, whose sole motivation would be to serve the Polish nation. "We think we are able to create such a state within the new KPN authorities' term of office," Moczulski said. This means the KPN must abandon its role as an opposition party and reach for power. However, Moczulski made a reservation that his party would not usurp for itself "the right to be the only or the key political apparatus in this country". Instead, he opted for political coalitions.

Merges With League of Independent Poland

LD2803224592 Warsaw PAP in English 2130 GMT 28 Mar 92

[Text] Warsaw, March 28—During the 4th Congress of the Confederation for an Independent Poland (KPN), which started in Warsaw on Saturday [28 March], the party merged with the League of Independent Poland, an organization operating abroad since World War Two.

Both organizations have so far closely cooperated but, since Poland eventually is independent, the league recently decided to dissolve itself and join the KPN, the league's last chairman Jerzy Ostoja-Kozniewski said.

Speaking to 350 delegates, KPN leader Leszek Moczulski said the party must continue to exist despite Poland's being an independent country now. He mentioned the presence of foreign troops uncontrollable to the government and a Stalinist constitution among the "relics of subjugation."

Moczulski, who received a standing ovation from the delegates, said the KPN's long range target is to set a politically durable organization of states between the (Baltic and Black) Seas, the part of Europe which has freed itself from the Moscow hegemony and today is struggling with its internal problems. He stressed the KPN should leave the opposition and become a party which "bears the main portion of responsibility for Poland."

In a letter sent to the Congress Prime Minister Jan Olszewski, whose duties prevented him from taking part, stressed the KPN's contribution to the struggle for the new independence of Poland.

Leader of the Peasant Agreement Antoni Furtak said that the Polish reason of state requires that the KPN urgently join the ruling coalition.

Tadeusz Mazowiecki, Bronislaw Geremek (The Democratic Union—UD), the last prime minister in exile Edward Szczepanik, and Marian Jurczyk (Solidarity '80) also sent greetings to the KPN congress.

Kaczynski: Christian Democratic Parties To Merge

LD3103090392 Warsaw PAP in English 2121 GMT 29 Mar 92

[Text] Torun, March 29—Leader of the Centre Alliance (PC) Jaroslaw Kaczynski vowed on Sunday [29 March] to undertake actions aimed at integration of the Christian Democratic Movement in the form of a federation of parties. "It is possible to integrate Christian Democratic and other movements of close ideological and political views, such as Christian Peasant Movements and Conservative Liberal groupings. I think there is a chance to form a federation of (such) parties. It would be a political and electoral platform, and partly a party in the strict sense," Kaczynski said after a two-day conference on the PC Christian Democratic identity held in the central city of Torun.

Walesa '100 Million For All' Plan Aired

LD2703234692 Warsaw PAP in English 2205 GMT 27 Mar 92

[Text] Warsaw, March 27—The presidential chancellery has recently asked government members for their opinions on the variant of mass privatization once proposed by the president and known as the "100 million for all" plan. The proposal says that every adult Polish citizen be eligible for getting a low-interest credit worth up to 10 thousand dollars (135 million zlotys) but would have to accept seizure of his property in case of failure to pay the loan back within 20 years. According to the proposal, this would enable people having no capital to invest in buying state-owned property, enterprises, municipal or cooperative houses, etc.

Olechowski Briefs Journalists on Budget

AU3103083292 Warsaw RZECZPOSPOLITA in Polish 24 Mar 92 p 1

[Katarzyna Jedzrejewska report: "A Budget of Credible Hope"]

[Text] Finance Minister Olechowski has described the 1992 budget as a "budget of credible hope," hope

because apart from the cuts and restrictions, there are also reforms, and credible because the budget involves no experiments, only tried and tested methods of action. The budget is credible also because it has earned the approval of international financial institutions.

"The government will need full parliamentary cooperation in order to implement this budget," said the finance minister. "Either parliament must endow the government with special powers, or it must shorten the legislative process involved in the budget." The draft budget foresees austerity measures which will be implemented "as quickly as parliament allows," he said. The minister noted that over 90 percent of the actions envisaged in the budget require prior changes to the law.

Prime Minister Olszewski told the press on Monday [23 March] that only a budget in its present version permits rational government activity in 1992. He explained why the draft is so short of optimistic tones. "This budget must be realistic. We do not want a repetition of last year's situation where the figures quoted in the draft budget turned out to be off the mark. Hence the harsh figures this time, especially in those spheres where costs are going up all the time." He mentioned the social security system and pensions as examples.

The prime minister admitted that it was not possible to avoid a budget deficit, but said that this deficit represents the very minimum of economic security. As long as we keep within this limit, we are in no danger of runaway inflation, he said. He recalled that the amount of this deficit has been approved by the IMF, a fact which parliament should take into consideration.

Minister Olechowski said that halting the recession is a basic condition for implementing the budget. That means raising economic growth from a minus level to zero level. If output falls by one point, budget income will fall by over 2 trillion zlotys [Z]. But if profitability falls by one point, budget income will fall by Z5.5 trillion. It is also necessary to "kill the appetite for pay rises."

The government thinks that public spending is in the greatest danger, hence the therapeutic measures contained in the budget. Because the danger cannot be healed by means of increased spending, it is necessary to cut expenditures. A. Olechowski said the government realizes austerity measures might encounter society's resistance, especially from those groups affected by them. The journalists doubted whether any other antirecession activity was planned apart from financial cuts, but the minister assured them that the budget does contain other forms of activity. The government will not raise taxes to the extent that would seem necessary judging by the incomes situation, he said. In order to balance out budget income, the chief burden will be shifted from direct to indirect taxation. The average level of income tax on businesses will be the same as last year, 37 percent, whereas the level of tax on individuals will be about 17 percent. Tax on supernumerary wages will also be eased. However, the rate of turnover tax will be increased, and will be applied on a wider scale. Average turnover tax will be 7.5 percent, compared to 5.4 percent last year.

The journalists were also briefed on the implementation of the provisional budget for the first quarter of 1992. There was a delay in the collection of income tax, which means that budget spending will only be about Z62-63 trillion, instead of the planned Z68.5 trillion. Even so, the budget deficit will be less than envisaged. The first quarter ended with a deficit of around Z15 trillion, instead of the Z17.6 trillion expected.

Planning Chief Comments on Finances, 1992 Budget

AU2603164392 Warsaw SZTANDAR MLODYCH in Polish 20-22 Mar 92 p 3

[Interview with Jerzy Eysymontt, chief of the Central Planning Office, by Katarzyna Dolinska; place and date not given: "The Safety Limit"]

[Text] [Dolinska] The government will shortly table the 1992 budget in the Sejm. What would happen if the Sejm rejected it?

[Eysymontt] The Sejm's acceptance of the draft budget prepared by the Council of Ministers will be considered a vote of confidence in the government. That is what the prime minister himself said.

[Dolinska] Does that mean the government might resign if the budget is rejected?

[Eysymontt] The government sees no likelihood of any better form of budget being accepted.

[Dolinska] Most deputies have disapproved of the government socioeconomic policy provisions. What do you think is the reason?

[Eysymontt] There is no unequivocal answer to that. I can only comment. As we know, two opposing schools of thought on this subject have appeared in the Sejm. One of them maintains that our draft relaxes financial constraints too much, in other words poses a threat to stabilization. The other school thinks exactly the opposite, i.e. that we can afford a greater budget deficit and that the money supply must be increased beyond the amount we suggested. In my Sejm speech I defended the government's proposals and said that they constitute an intelligent compromise. With the aid of the modest resources at our disposal, we must try to halt the recession, preventing at the same time a return of hyperinflation and an increase in the budget deficit beyond the limit we suggested, i.e. around five percent of the net national product.

[Dolinska] But is it possible to increase the amount of money in circulation without boosting inflation?

[Eysymontt] Let me point out that according to the Main Statistical Office data, the recession trends are continuing. Output in January and February 1992 is said to have fallen by about 14 against January and February 1991. That makes it essential to step up and intensify activity to halt the recession, which could happen within two years if the government proposals are successfully implemented. That is our objective. In any case, for political reasons, a simple continuation of the present government program is unacceptable.

[Dolinska] What political reasons?

[Eysymontt] Most of our voters have voted against continuing with the present program. If we do not present them with a chance to break the recession within three years, it would mean we have nothing at all to offer Polish society.

[Dolinska] The economic program is the result of a compromise because each party that ran in the elections presented its own economic concept. Who will shoulder the blame if the program fails?

[Eysymontt] Parliament has not adopted it yet. The Council of Ministers has just held a meeting to discuss an additional document called "The Chief Paths of Economic Policy Until 1994." We hope this document will encourage at least a few of the parliamentary deputies clubs to support our program. The document is for information purposes only, and is not subject to parliamentary approval. Of course, the government will bear complete constitutional responsibility for the final budget, in accordance with the law.

[Dolinska] Can the government guarantee a minimum level of economic security to citizens? If it can, should it do so?

[Eysymontt] The government should indeed guarantee such a minimum, and it would be capable of implementing it. That was one of the things the Council of Ministers discussed at its meeting recently. As far as individual financial security is concerned, guaranteed minimum wages were introduced some time ago, but it is much more difficult to introduce guaranteed minimum pensions because of the need to restrict pension increases for the time being, and put a stop to earlier retirements. Personally, I am against earlier retirement. Poland cannot afford to maintain relatively young and healthy people out of sate funds. Unemployment benefit is another issue. We know that a considerable number of people formally registered as unemployed are not unemployed at all. It is necessary to alter the rules to prevent the drawing of unemployment benefit for an excessive period of time.

The sphere of collective financial security consists of maintaining the health service and education out of budget funds. Here, too, it is necessary to establish a minimum safety limit below which one must not go. The problem with establishing such a level is that no one knows the exact extent of the financial losses in these two spheres caused by waste.

[Dolinska] Before the elections you said it is necessary to save state enterprises, especially those that could prove competitive in export production. Have any criteria been established yet? Which branches of industry come under consideration?

[Eysymontt] Personally, I find it inexpedient to single out any particular branch of industry. We decided that the best way to stimulate the Polish economy, not just this year but also in the coming years, is to encourage exports, and export production will be the basic yardstick of an enterprise's efficiency. If an enterprise increases its export production or submits a convincing plan of action that clearly shows its planned activity, it can count on various forms of state aid, regardless of whether it is a state or private enterprise. Another criterion is the size of an enterprise's debts and the possibilities of restructuring the enterprise. Some old debts, mainly incurred by capital spending, are virtually impossible to repay, so they burden not only the debtor, but also the creditor, in other words the bank, which in most cases is the state bank. We intend to institute special proceedings in these matters.

[Dolinska] What is the future of the privatization program?

[Eysymontt] There has not been any long-term privatization program yet. It is surprising that most of the media at home and abroad have ignored this fact.

[Dolinska] Did the Bielecki government work out any such program?

[Eysymontt] Fragments of such a program were drafted, and general paths of action established, which I accepted and still accept. But so far, the method of privatization has varied from one enterprise to the other. It is necessary to find answers to several basic questions, and we will include these answers in the program we are currently preparing. The second problem is reprivatization. It is necessary to establish not only who exactly owns production assets, but also land, housing stock, and so-called non-production facilities. The third problem is how to implement a general privatization. Several suggestions have been made, but no final decision taken.

[Dolinska] How much will the private sector contribute to the budget?

[Eysymontt] Very little, compared to the size of its production. One must also remember that in Poland today there is a very extensive so-called "gray zone," i.e. various businesses, mainly in trade, that avoid paying tax. The government has already stepped up financial controls to prevent this. I am convinced that last year the country lost between 10 trillion and 20 trillion zlotys in unpaid tax and customs duty. That is one-third, or perhaps even two-thirds, of the entire budget deficit.

That shows the scale of the phenomenon. That is one of the reasons why the government has decided to reintroduce the government monopolies on liquor and tobacco sales. We also intend to keep tight control over fuel sales.

[Dolinska] You suggested that economic decisions be made jointly by the Central Planning Office, National Bank of Poland, and Ministry of Finance, and yet in the Sejm you voted against Anna Gronkiewicz-Waltz's bid to become National Bank chairman, and the Confederation of Independent Poland wanted to have you replaced by Minister Olechowski.

[Eysymontt] Mrs. Gronkiewicz-Waltz was chosen during a normal vote by the highest body in the land. With her extensive knowledge of banking and with the help of highly qualified assistants, I hope she will discharge her office well, for the sake of the economy. The fact that I voted against her will in no way affect my cooperation with her as long as I occupy my present post. As for Minister Olechowski, I have already said that there are no major differences between us concerning substantive issues. I have a high regard for the present finance minister's qualifications. However, there are political contests and political scheming going on, and that is a different matter. I will refrain from commenting on those.

Funds Switched From Defense to Interior Ministry

LD3003210992 Warsaw TVP Television Network in Polish 1830 GMT 28 Mar 92

[Excerpt] The Council of Ministers has decided to correct the draft budget by moving more than 300 billion zloties from the Ministry of National Defense to the Ministry of Internal Affairs. Moreover, Minister Stelmachowski has been empowered to introduce a two-phase pay rise for teachers. The final text of the government's privatization moves for 1992, which constituted an appendix to the draft budget, will reach the Sejm next week. [passage omitted]

More Funds for Unemployment Control Allocated

LD3103081292 Warsaw PAP in English 1943 GMT 30 Mar 92

[Text] Warsaw, March 30—The government will shift over 4 trillion zlotys (300 million dollars) from the labour fund to active anti-unemployment measures but this will reduce the present unemployment allowances, government spokesman Marcin Gugulski said on Monday [30 March]. The amount budgeted for the labour fund is 22.5 trillion zlotys of which 18.5 trillion would be consumed by allowances. Two trillion zlotys will now be added to another two trillion originally budgeted for active unemployment control measures, such as retraining or intervention.

Intelligence Chief Outlines Responsibilities

AU2603164992 Warsaw ZYCIE WARSZAWY in Polish 17 Mar 92 p 3

[Interview with Minister Piotr Naimski, head of the Office for Protection of the State, by Agnieszka Romaszewska-Guzy; place and date not given: "Farewell to the Polish People's Republic"]

[Text] [Romaszewska-Guzy] The Office for the Protection of the State [UOP] arouses considerable interest in the press, as is usually the case with special services. In your opinion, what kind of information policy should the organization have?

[Naimski] I think that public opinion should be informed about the work of the office as fully as possible. However, one has to take account of its special characteristics. The UOP usually has quite comprehensive information obtained from a great variety of sources at its disposal. In making our knowledge available, we have to consider two things: First, the effect that doing so may have on any investigations and enquiries that we might be pursuing, and second, the great diversity of the sources of information and the importance of that information. Sometimes rashly making that information available to public opinion might cause harm that is completely without justification—for example, it might harm certain persons' reputations.

[Romaszewska-Guzy] What do you see as being the basic task of the institution that you head?

[Naimski] The UOP's task is to serve. It must be a tool aiding the work of various organs of the state. The UOP cannot and should not decide about anything, but it should supply material for decisionmaking.

The purpose of our existence is not to persecute anyone or to serve particular political interests, but to uncover and identify threats to the state. Contacts should be constantly maintained with the rest of the state administration, so that the UOP can obtain information and supply appropriate information. A situation that should not arise, and this did happen in the past, is that interesting information that has been prepared well does not go beyond these walls, because there was no one to use it.

[Romaszewska-Guzy] Is it appropriate for the UOP to be part of the Ministry of Internal Affairs as it is at present?

[Naimski] The current situation goes back to the times when the Ministry of Internal Affairs was a "superministry" that brought together the most important elements of power and exercised control over both the administration and the special services. Today, the UOP is subordinated to the Ministry of Internal Affairs, but it remains a separate institution whose activities are regulated by legislation. The head of the UOP is appointed by the prime minister acting on a recommendation made by the minister of internal affairs. In exceptional cases, one can imagine a situation in which the head of the UOP

will bypass the minister and approach the prime minister directly with regard to some particular issue.

The government has plans to transform the Ministry of Internal Affairs into a Ministry of Public Administration. The UOP would then be removed from the ministry structure and placed directly under the authority of the president or the prime minister.

[Romaszewska-Guzy] Which would be better of those two solutions?

[Naimski] My views on that have not fully crystallized. The issue will be settled by Parliament.

[Romaszewska-Guzy] The UOP is investigating some of the most serious economic scandals. Do you think that it is the right institution for conducting investigations of that kind?

[Naimski] There are two reasons we are involved in investigating some of the most publicized economic scandals. First, the special police units that are to deal with such matters are just at the stage of being organized. The old militia department that dealt with economic crime disappeared two years ago when the Ministry of Internal Affairs was reorganized. Actually, the entire infrastructure was lost. As a result, the UOP is working on matters that in theory do not entirely fall within its field of activity.

In addition, some of the economic scandals that are being investigated concern the state's finance system, that is, they concern the very core of the functioning of the state. Today, the amount of money that slips past the budget is comparable in size to the budget deficit, and finances are, after all, the nerve system of the state.

The independence of the Polish state is also a function of its ability to exercise control over the state's finance system. The state must be informed about the money that is in circulation, and it must levy appropriate charges on that money in the form of taxes. This is an area in which economic scandals affect the security of the state and the UOP must concern itself with them.

I consider the Foreign Debt Servicing Fund affair a classic example.

[Romaszewska-Guzy] To what extent do you think that foreign economic intelligence services are active in Poland?

[Naimski] Poland is very much at risk from that kind of activity. This simply stems from the fact that structures have been shaken by the changes that we are going through. Foreign organizations are also involved in these changes. The activities of some of them are directly or indirectly linked to the efforts of foreign intelligence services to penetrate the economy. However, I would not want to be too alarmist about this. Nevertheless, the UOP will take action aimed at protecting economic information of the most important kind. An appropriate draft law on state secrets will shortly be considered. State posts of key importance for the economy will also receive counterintelligence protection.

[Romaszewska-Guzy] Our intelligence activity priorities have also changed in the current political situation. Is our intelligence service ready to address the challenges and to operate, perhaps above all, in the east?

[Naimski] I cannot answer that question or any other question that relates directly or indirectly to intelligence or counterintelligence operations.

[Romaszewska-Guzy] Many of the charges and fears that have been voiced about the UOP relate to personnel policy, with the fact that there are former Security Service functionaries working for it....

[Naimski] Regardless of what concept one may have been advocating two years ago, there are certain matters that can no longer be fundamentally altered today. To consider whether it would be better to institute a Czechoslovak solution is purely a theoretical issue today. The key criteria that are to be applied with respect to functionaries are professionalism (and I stress this) loyalty toward the service. In an institution of this kind, a system of vetting and internal control must be permanently in operation. Of course, the efficiency and reliability of that system is another problem that must be solved.

[Romaszewska-Guzy] The archives of the office that you head contain thousands of files and reports with material of a potentially "explosive" kind, because the Security Service gathered information on all the details of the private lives of the persons in which it was interested and not just information on its informants....

[Naimski] I consider it to be one of our most important tasks to ensure that no unauthorized person can use this material and that it should not get outside this building. Unfortunately, it cannot be ruled out that during that the last days of the Security Service, material was either stolen or copied. However, all attempts to make public confidential material belonging to the department will be dealt with very severely.

[Romaszewska-Guzy] Do you think that giving citizens access to material that concerns them would be one solution?

[Naimski] In general, I am against opening up the archives.

[Romaszewska-Guzy] Why?

[Naimski] I think that it could cause unnecessary confusion....

[Romaszewska-Guzy] But perhaps having things cleared up is precisely what we need.

[Naimski] I think that we can also clear the air publicly by taking action that is selective and not as costly. If, on the basis of a law passed by parliament, it would be

possible to check whether there are persons among high-ranking officials who could be exposed to blackmail because of what they have done in the past, I think that would be sufficient form the point of view of the national interest.

[Romaszewska-Guzy] One hears that the fact that both you and the minister of internal affairs belong to the same party could have a negative impact on the activities of the ministry and the UOP....

[Naimski] As soon as he is appointed, the head of UOP must declare that he will be politically neutral in the exercise of his office, and he then has to behave accordingly. As far as I am concerned, I resigned from Christian-National Union. I think that will make it easier for me to require my UOP colleagues to give up any direct involvement in politics.

[Romaszewska-Guzy] What would you like to achieve and leave as your legacy?

[Naimski] When I came here, I was groping around in the dark. Actually, the one person I completely trusted was my predecessor. I proceeded as if I were in a minefield. If my successor were to experience similar feelings, I would consider that a great failure on my part.

If the UOP control mechanisms function efficiently, people will not have to give a renewed demonstration of loyalty toward their new chief once again. In our collective awareness, we must finally draw a line that marks the end of one thing and the beginning of something new. We have to have a basis for collectively recognizing that the Polish People's republic belongs to the past, and we are now on the other side. In this sense, the problems connected with the functioning of the UOP are only one element in the functioning of the state apparatus and of political elites. It is the job of the politicians to lead Poland through the process of parting from the old world of the Polish People's Republic.

Poll Indicates People Skeptical of Government

LD3103144892 Warsaw PAP in English 1635 GMT 30 Mar 92

[Text] Warsaw, March 30—Some 30 per cent of respondents to a poll conducted by the Public Opinion Polling Centre (CBOS) between March 5th and 10th said that the policy of Premier Jan Olszewski's government created chances for overcoming the economic crisis, 50 per cent expressed a contrary opinion while every fifth respondent had no opinion at all.

Asked whether the government's activities corresponded with social needs, 34 per cent said "rather not", 30 per cent answered "rather yes" while 12 per cent gave a decisively negative answer and only three per cent a positive answer.

Some 45 per cent of those polled opined that the present government was neither worse nor better than the former one, 23 per cent assessed Jan Olszewski's cabinet as a bit better than the previous one, nine per cent stated it was a bit worse. Seven per cent of the respondents said the present government was definitely worse than that of Prime Minister Jan Krzysztof Bielecki while three per cent thought it was definitely better.

The majority of the surveyed (22 per cent) said they expected the government to improve their economic situation, 20 per cent hoped the government would eliminate unemployment and improve the economy while eight per cent hoped for steps designed to save agriculture and four per cent for activities aimed at combating inflation.

Daily Suggests U.S. Should Set Up Arms Deal

AU3103125692 Warsaw GAZETA WYBORCZA in Polish 28-29 Mar 92 p 1

[Anna Bikont and Edward Krzemien report: "American Provocation or Polish Smuggling?"]

[Text] A high-ranking Foreign Ministry official claims that the Americans are indicting the Poles [charged with smuggling arms to Iraq] because they wish to rid themselves of competition from our weapons industry. U.S. secret agents insist that a huge weapons shipment from Poland to Iraq was planned. The American who was in charge of the operation is free.

Poland is behaving with restraint following the disclosures made by U.S. covert fiscal agents, who claim to have uncovered a group of Poles who had offered Iraq enormous quantities of Kalashnikovs, as well as howitzers and fighter aircraft. The only Polish reaction has been regarding the arrest of seven Polish citizens in Frankfurt on 10 March. According to Jacek Czaputowicz, director in the Foreign Ministry, the Polish Embassy has lodged an official protest because Poland was not informed of the arrest in good time.

Jerzy Wojtosiak, president of the management board of ATS [Association of Trade and Services], the firm suspected by the U.S. agents of illegal weapons trade, claims that ATS merely offered advice on the sale of Kalashnikovs, and not to Iraq, but to the Philippines. But U.S. agent Joseph Lau has been reported as saying that people from ATS have played an active role in the entire deal, including the holding of negotiations on selling the aircraft and howitzers.

The high-ranking Foreign Ministry official told us he thinks the entire operation was set up by the Americans in order to deter Polish firms from selling weapons outside international control, for they suspect Poland of having passed weapons to the Muslim republics of the former Soviet Union and to Croatia.

Here is a complete list of the Poles arrested for being involved in the operation code named "Sting": Jan Gorecki, former Polish consul in Washington; Wojciech Baranski, retired general and former president of the

Legia soccer club; Jerzy Napiorkowski, former vice minister of finance; Jerzy Brzostek, director of the Warsaw subway construction project; and Zbigniew Gorka-Grabowski, lawyer. All of them except Gorka-Grabowski have worked in Wojtysiak's firms.

Lithuanian Minority Congress Renames Association

LD3103090792 Warsaw PAP in English 2120 GMT 29 Mar 92

[Text] Suwalki, March 29—The two-day congress of "The Socio-Cultural Lithuanian Association" that wound up in the Polish northeastern locality of Punsk on Sunday [29 March], adopted a resolution under which the name of the organization is to be changed to "The Association of Lithuanians in Poland." The congress was attended by 73 delegates from 46 chapters from various Polish towns including Warsaw, Gdansk, Szczecin, Wroclaw and Slupsk and representatives of the Lithuanian state authorities. Eugeniusz Pietruszkiewicz, the reelected chairman, told PAP that the congress participants showed concern about maintaining good coexistence between Poles and the Lithuanian minority, irrespectively of development of relations between both countries.

Ministry Denies Funds Designated for Emigres

LD2703193592 Warsaw PAP in English 1731 GMT 27 Mar 92

[Text] Warsaw, March 27—The spokesman for the Polish Ministry of Foreign Affairs told PAP Friday [27 March] that the ministry had no information at all about the "action of accepting emigrants from Poland by Argentina or any other country."

The spokesman acknowledged that some press reports may create an impression that the emigration action had just started. He admitted that such plans had been reported to the ministry from various sources according to which the emigrant-accepting government should be paid a vast sum of money (about USD 20-50 thousand) for each emigre.

"No funds to meet this end have been earmarked till now and the project is still under consideration. Taking into account the vast amount of money needed to its implementation, the ministry hardly sees chances for prompt adoption of the project," the spokesman said warning all persons who want to emigrate to Latin America that "Polish diplomatic representations are neither prepared to cope with such a task nor can provide emigrants with financial help."

Director of the South and North American department at the Foreign Ministry Zbigniew Lewicki labeled as "misunderstanding" the information on possibilities to emigrate to Latin America quoted by the Thursday issue of the "RZECZPOSPOLITA" daily in an interview with the Minister for Foreign Affairs of Argentina.

According to Lewicki, such information "may have unpleasant international repercussions for Poland" for Latin American countries' proposal was directed exclusively to Poles living in the West so it may incite emigration wave to Germany thus disturbing visa-free movement between Poland and the rest of Europe. He also added that no agreement concerning the issue had been signed between Poland and Argentina.

President Walesa Begins Visit to Germany

WA3003201192

For reportage on President Lech Walesa's visit to the Federal Republic of Germany, including reports on his talks with President Richard von Weizsaecker, see the Germany section of the 30 March West Europe DAILY REPORT and subsequent issues.

FSN Splinter Group Meets To Set Up New Party

AU3003172792 Bucharest Radio Romania Network in Romanian 1700 GMT 30 Mar 92

[Text] This afternoon, Bucharest's Meridian Club hosted a meeting of a group of several hundred people who have split from the National Salvation Front [FSN] to found a new political formation. They disapproved of the way in which the FSN National Convention was held. On this occasion, Engineer Gheorghe Angelescu, president of the FSN youth organization of Bucharest's Sector 2, read a statement on the proceedings of the recently concluded convention. After a detailed analysis of the FSN National Convention proceedings, which accused Mr. Petre Roman, quote—he introduced tension and an undemocratic and elitist spirit—unquote, the speaker proposed the creation of an initiative committee to set up a new party. A statement issued by the group specifies that the new party to be set up may be named the FSN-22 December. Our correspondents tell us that this meeting was opened by Mr. Petre Ninosu who, after reading the statement, commented in detail on the way in which the FSN Convention was held and the statute adopted. The proceedings of this meeting continue.

Issues Breakaway Declaration

AU3003205392 Bucharest Radio Romania Network in Romanian 1900 GMT 30 Mar 92

[Declaration by "a group of several hundred people who have split from the National Salvation Front" at a meeting at the Meridian Club in Bucharest on 30 March; read by Engineer Gheorghe Angelescu—recorded]

[Text] As the Romanian public has already learned from the mass media broadcasts and commentaries, the National Salvation Front [FSN] National Convention, which took place in Bucharest 27-29 March, was dominated by an atmosphere of tension and anxiety caused by the group polarized around Mr. Petre Roman. In the period since the previous National Convention, the Front has promoted a policy inspired by the motion adopted then at the initiative of the man who instituted for himself the post of national leader, which gave him certain privileges in the party's leadership. The results of this policy showed a departure from the initial program with which the FSN won the electorate's endorsement on 20 May 1990.

Within the FSN, instead of certain clarifications pertaining to the party's ideology, strategy, and political tactics to adjust to the new situations in society's life, Mr. Petre Roman—using the fact that he was responsible for the country's government—introduced tension and a nondemocratic and elitist spirit. Trying to subordinate both the party and the Parliament to himself and to the executive branch he was heading, and also attacking the presidential institution, Mr. Petre Roman tried to accumulate as much power as possible and impose his viewpoints and positions, thus seriously harming the FSN party and its prestige among the public opinion at home and abroad. All this was reflected in the worrisome loss registered by the Front at the recent local elections, which, as is well known, resulted in the loss of several million votes and of the leadership of local councils in the country's main cities.

In spite of the appeals made by groups of parliamentarians in public statements endorsed by many party members and in spite of all steps taken to maintain the party's unity, Mr. Petre Roman and his aides did not listen to the voice of reason and placed personal interests above everything else.

At the recent FSN Convention, the party's leadership hesitated to examine the activity carried out since the March 1991 National Convention and to discuss the failure of its own activity. The National Convention fell under the nefarious influence of an entire manipulative technology activated by the party's leader. Some county conventions took place before the deadlines for the submission of motions ran out, so that the respective participants could not present their opinions on the entire spectrum of motions. Other county conventions did not permit the participation of the supporters of motions other than that of Mr. Petre Roman.

During the National Convention proceedings, certain alleged delegates—elected by no one—were fraudulently slipped through into the conference hall to strengthen the ranks of the loyalists; a hostile and insulting tone was used against those who criticized the personal policy of the Roman group, by even resorting to direct psychological pressures applied by all kinds of guests and groups of sympathizers of the most beloved son of the party. As a matter of fact, these people have increasingly resorted of late to the whole repertoire of such actions at the various Front meetings where its national leader took part, to intimidate, insult, and hurt the dignity of those asserting their independence of thinking and judgment and a critical viewpoint.

Against this background, they managed to push through Petre Roman's motion which, couched in apparently social-democratic language, actually promotes a policy predominantly leaning toward the right, an orientation that cannot be masked by its demagogic tone and rhetoric. This amounts to a great deviation and marks the FSN's departure from the ideas that lay behind its birth during the December 1989 revolution, ideas that established the Front as the main party in the new Romanian political configuration. That was a difficult crossroads for Romania—a moment of political vacuum, the country was without a leader—when Mr. Ion Iliescu, today's president, was recognized as uncontested leader of the FSN. The country's social, economic, political, and intellectual reality requires an authentic social-democratic party of center-left, which can represent the largest strata of the people and the interests of the workers, peasants, clerks, small owners and entrepreneurs, intellectuals, young people, pensioners, and all professional and age groups.

Therefore, we call on all FSN supporters, members or nonmembers alike, who think like we do and are hesitant now, to join us to remain faithful to the ideals born on 22 December 1989. Therefore, we announce the establishment of an initiative committee to found a party called FSN-22 December.

This declaration was made today, 30 March 1992. I hope it will be a historic declaration. Thank you. [applause]

FSN Desertions May Cause 'Parliamentary Crisis'

AU3003193992 Bucharest ROMPRES in English 1857 GMT 30 Mar 92

[Text] Bucharest ROMPRES, 30/3/1992—Monday, March 30, Deputies Petre Turlea and Anania Ivanov announced in the session of the Chamber of Deputies that they withdrew from the Parliamentary Group of the National Salvation Front, FSN. The former said he would remain in Parliament as an independent, the latter that he would represent the Socialist Party of Labour, which most commentators consider a continuator of the Communist Party. Mr. Petre Turlea said the reason for his withdrawal was that "the FSN leader was a dictator of a Stalinist type, acting against the interests of the Romanian nation."

Equally on Monday, March 30, the leader of the FSN Parliamentary Group in the Senate [Vasile Vacaru] informed this forum that he resigned as he did not belong to the group supporting the motion adopted by the recent FSN convention. Oliviu Gherman, vice-president of the Senate, Nicoara Diodor, senator of Timis, Gheorghe Dumitrascu, senator of Constanta, Gheorghe Damian, senator of Prahova, Emanoil Cernescu, senator of Mehedinti and Ion Neagu, senator of Calarasi, announced their withdrawal from the FSN Parliamentary Group.

Two hours after Petre Negru was elected leader of the FSN Group in the Upper House of Parliament by secret ballot, the senator declined the office on the grounds that he would not accept validation by the FSN leadership.

The FSN leader, Petre Roman, opined in a communique sent to "ROMPRES" agency that "some of them overt some others rather covert, these positions obviously are of a communist type," generating, according to him, a "parliamentary crisis." The Parliament is in this way in a position not to fulfill its mission, decisive for the preparation of legislative and presidential elections, consisting in the urgent adoption of the laws necessary for the organisation of elections," reads the communique. It underlines that "delays, tergiversations, attitudes specific to narrow politicians increase the political instability and worsen the state of the country's economy." The FSN communique asks all democratic political forces to reject these tendencies, for this situation to be overcome.

Senator for Brasov Nicolaescu Resigns From FSN

AU3103113992 Bucharest ROMPRES in English 1028 GMT 31 Mar 92

[Text] Bucharest, ROMPRES, 31/3/1992—When the Senate met in session on Tuesday [31 March] morning, Sergiu Nicolaescu, National Salvation Front [FSN] Senator for Brasov, announced his resignation from the FSN. He motivated his move by saying that the motion the just concluded FSN National Convention had passed was anti-democratic.

He joins a group of seven senators who quit the FSN group yesterday.

The Senate then resumed a debate of the bill on the election of the two chambers of parliament.

FSN Communique on 'Communist-Type' Attitudes

AU3003163092 Bucharest Radio Romania Network in Romanian 1500 GMT 30 Mar 92

[Text] A communique sent via fax by the National Salvation Front [FSN] says: The appearance today in Parliament of certain more or less hidden but obviously communist-type attitudes will lead to a parliamentary crisis. The Parliament now finds itself in a position of not being able to accomplish its decisive mission of making preparations for the general and presidential elections, which consists in most urgently passing the bills regulating these elections.

As the national convention of our party has stated—organizing these elections as soon as possible would bring stability to our country. Postponements, delays, or certain politicianist attitudes would—on the contrary—end up increasing political instability and worsening the country's economic situation.

We call upon all democratic political groupings to reject such tendencies, to surmount this situation—the communique concludes.

Parliament Discusses Ban on Communist Parties

AU3103142492 Bucharest ROMPRES in English 1324 GMT 31 Mar 92

[Text] Bucharest, ROMPRES, 31/3/1992—On Tuesday, March 31 the Assembly of Deputies approved the debates by procedure of emergency of three legislative initiatives aiming at putting an end to the existence and functioning of communist-type political formations.

The three legislative initiatives, which will be treated as a unitary whole, are made up of a bill proposed by the National Liberal Party the subject of which is the interdiction of functioning and the dissolution of the Romanian Communist Party and of all its forms of manifestation, the bill initiated by Deputy Petre Ninosu (National Salvation Front) concerning the creation of the Commission for Juristic Persons aimed at the exercising of the state's right to supervise and control all

juristic persons and the bill initiated by the same deputy to complete the penal code and the penal procedure code.

A large number of deputies belonging to all political formations represented in the Assembly of Deputies backed the bills condemning the tendency of certain parties to enter the parliament through the back door.

Deputy Silviu Somcu, who the previous day had stated he adhered to the Socialist Party of Labor and would represent that formation in the legislative forum, said in the Tuesday's meeting that the Assembly condemned not that party's programme—which is democratic—but only the idea, which was both presupposed and false, that the Socialist Party of Labor was a continuation of the former Romanian Communist Party, that it was its spiritual son.

Foreign Ministry Under Secretary of State Named

AU3003194292 Bucharest ROMPRES in English 1845 GMT 30 Mar 92

[Text] Bucharest ROMPRES, 30/3/1992—Major General George Ioan Danescu was appointed Monday undersecretary of state at the Ministry of Foreign Affairs in charge of diplomatic security.

Daianu Comments on Political, Economic Policy

92P20207A Bucharest ROMANIA LIBERA in Romanian 4 Mar 92 p 5

[Interview with Daniel Daianu, state secretary and head of the Interministerial Committee for Foreign Trade Credits and Credit Guarantees, by Dan Vardie; place and date not given: "Closing a Factory Is a Political Decision"]

[Text] [Vardie] Mr. Daianu, you have returned from the United States, from a prestigious American university. Why did you return to this country?

[Daianu] I had a research grant at the research institute on the former USSR at Harvard University, an institute which has extended its area of concern to the East European countries. I interrupted my activity there as a result of discussions which I had in December with [Prime Minister] Stolojan and other friends when I learned that all those who could help with the reform process in the country were asked to do so. I tried to do this from the United States.

[Vardie] How?

[Daianu] I participated in efforts to set up an investment fund for Romania, like the Hungary Fund, for the development of the private sector. I confess that I experienced great difficulties because of the image of our country. To create the fund, it is necessary to raise money from the capital market.

[Vardie] What does that mean?

[Daianu] You have to obtain an amount of money ranging, for example, from 50 to 100 million dollars, money which might come from large investment banks or pension funds, and direct it towards our market.

[Vardie] Were you successful?

[Daianu] It could not be done. Not yet. The venture depends on the improvement of the image of Romania abroad and the improvement of domestic conditions. It must be said that the reform still has to make significant progress so that big investors will have confidence in the Romanian market. I am involved in establishing a two-year business school ,located in Bucharest, which will promote exceptional training. The school will benefit from the support of a consortium of American and European universities. I am working hard to establish institutions for the market economy, not by governmental decisions but by emergence from the grassroots, that is, from below. This does not mean that such structures must not appear on higher levels; however, for this, you need competent management which enjoys the confidence of people who know the meaning of progress.

[Vardie] But, however, this is not the case in our country....

[Daianu] The lack of political clarification, which occurs only as a result of elections, can be fatal for economic reform. Living in America for some time, I have been able to meet important people, in the political, academic, and scientific spheres. They are people who can assist Romania, who can facilitate access to Americans with decisionmaking roles.

[Vardie] What is your impression of the Romanian community in the United States?

[Daianu] Qualitatively, we cannot measure up to the Polish, Hungarian, or Ukrainian diaspora. I am thinking about the way in which the Romanians in America have been able to organize to aid the country. On the other hand, we also cannot be compared to these minorities numerically. A great number of intellectuals left Hungary in 1956 and are now members of the scientific and economic community, which is not the case with Romanians. We have our stars but we do not have a large enough number to form an intellectual elite. The relationship of the Romanian diaspora in America with Romania is not a good one. But we know the reasons and they must be eliminated.

[Vardie] What are the reasons?

[Daianu] Many Romanians in America do not have confidence in the country as it is now. They are afraid of the forces in power. On the other hand, in the eyes of many of my fellow Romanians, the country seems like a fortress besieged by enemies, by Romanians who serve hostile interests. Our country is the only one in East Europe in which political problems prevent the progress of economic reform. Therefore, I am pleading for general

elections, without delay, which might also resolve the moral aspect of the political difficulties.

[Vardie] Speaking of the elections, what are the political options of Daniel Daianu?

[Daianu] I am an independent since I am not yet able to submit myself to party discipline. I have not done so since I was out of the country for a long time. However, my vote is for the [Democratic] Convention.

[Vardie] Therefore, for democracy.

[Daianu] For democracy, obviously. For democratic forces. In the present case, the Democratic Convention. However, I am not denying that there might be persons with democratic views in other political groups, even in the National Salvation Front.

[Vardie] The position which you are holding now seems quite nebulous to a great number of people. Was it created especially for Daniel Daianu?

[Daianu] My mission is to promote foreign economic relations. Since we have an economy which is greatly dependent on resources from outside, we must export in order to be able to restructure. There is am export-import bank, EXIMBANK, which must be put on its feet and which has been equipped with a modest sum, in relation to the needs of our economy. The task of the Interministerial Committee is to identify priorities and to divide up this small pie, on the basis of overall interests and the opportuneness of allocating money. We will try to carry out this process as best we can but mistakes are possible.

[Vardie] Do you mean errors?

[Daianu] We hope not. We will collaborate with the Romanian Agency for Development, the National Bank, the Ministry of Trade and Tourism, and our colleagues in the Ministry of Economy and Finance. We will have to deal with the so-called "policy mix," that is, the combining of instruments of economic policy in such a way as to make economic strategy coherent. Foreign relations policy covers the entry into the country of capital which, primarily, will be put to work, not capital which will come in and then will leave immediately.

[Vardie] What means does the Committee have for affecting policy in a situation in which there is a multitude of such committees?

[Daianu] This plethora of interministerial committees is an illustration of the need to introduce coherence in economic policy and in the decisionmaking process. However, in my position, I can only make suggestions. I cannot become directly involved in making decisions. People who formulate policies in their field need coordination skills which cannot be found in our country. We will only suffer as a result of this.

[Vardie] Does this mean that we have not really had a policy but, rather,independent segments of a policy.

[Daianu] We have not had an industrial policy. We have not had a policy on industrial relations, that is, negotiation with trade unions. You cannot have one without an idea of the process of restructuring which cannot be carried out without the contribution of the state. Closing a factory is a political decision which can be facilitated by an agreement with the trade unions. A "policy mix" must coordinate monetary policy, fiscal policy, the policy of income control, exchange rate policy, and foreign relations policy.

[Vardie] What will happen to the Committee after the elections? Will it have an ephemeral life?

[Daianu] It is possible, but improbable, that it might disappear. If the EXIMBANK functions and becomes the institution which is needed, possibly the Committee will no longer have any purpose for its activity. The future government will have to behave like a good manager, since an institutional reorganization is necessary. I would guess that we will see a coalition of parties in which governing will be impossible without the team spirit.

International

Peace Negotiations on Bosnia Resume in Brussels

AU3003193392 Sarajevo Radio Sarajevo Network in Serbo-Croatian 1700 GMT 30 Mar 92

[Aida Huseinovic report from Brussels]

[Text] The sixth round of talks mediated by the EC between the three leading national parties in Bosnia-Hercegovina on the future of Bosnia-Hercegovina started in the Hilton Hotel in Brussels this afternoon. Over the next two days and behind closed doors, the three-member delegations led by Alija Izetbegovic [president of the Party of Democratic Action], Radovan Karadzic [president of the Serbian Democratic Party], and Milenko Brkic [president of the Croatian Democratic Community] will, with the aid of Jose Cutilheiro, the coordinator of the peace conference on Yugoslavia, try to develop further what was already agreed upon in Sarajevo.

Official contacts with the press have not been envisaged, but the leaders of the leading Bosnia-Hercegovina national parties made brief statements to reporters in the foyer of the Hilton Hotel. To judge by them, the outcome of this conference is uncertain because, as they say, it is also determined by the latest fighting in Bosnia- Hercegovina.

Alija Izetbegovic told this reporter that the Party of Democratic Action is strongly against the division of Bosnia-Hercegovina, but if this is within a package of global solutions then it accepts ethnic regionalization. This means that the party does not reject the results of the Sarajevo agreement, which is the way that some people have interpreted the statement by this party's spokesman at a news conference by the Party of Democratic Action in Sarajevo.

Otherwise, Izetbegovic expressed optimism about the outcome of the two-day Brussels meeting of the conference on Bosnia-Hercegovina but with some reservations: If the Serbian side adheres to its stands in the constitution, which was endorsed with the formation of the Serbian republic of Bosnia-Hercegovina, then any agreement will come to nothing, Izetbegovic said.

He is, however, an absolute optimist regarding international recognition of Bosnia-Hercegovina, telling reporters today that he expects Bosnia-Hercegovina to be internationally recognized by Monday [6 April] at the latest. On the other hand, however, Radovan Karadzic, leader of the Serbian Democratic Party, made a statement to German reporters. He viewed the Brussels two-day meeting with less optimism because, in his opinion, the conference can make progress if it is established that it is not a tactical move by the Party of Democratic Action for Bosnia-Hercegovina to be internationally recognized as soon as possible.

Prior to today's talks, the Croatian Democratic Community insisted on the stand that there is no point in talking until military activity in Bosnia-Hercegovina stops and the status of the Army is sorted out. Izetbegovic also thinks, as he told reporters here, that this forum is not the place to discuss the status of the Army considering that this is a Yugoslav problem and should be discussed on Wednesday [1 April] at the conference on Yugoslavia.

It was unofficially learned here that the Portuguese diplomat Cutilheiro will ask the heads of the three delegations to assess the sudden deterioration in the situation in Bosnia-Hercegovina, and he will also insist that those who are now negotiating respect what has been agreed upon so far.

There has been no official statements so far about the course of the talks, but it is known that after a brief plenary session, bilateral talks began between Jose Cutilheiro and the delegation from the Croatian Democratic Community. This will be followed by a round of talks with the delegation from the Party of Democratic Action. Otherwise, the EC will again mediate a conference on Yugoslavia in an attempt to achieve a political solution to the Yugoslav crisis. The conference will be held on Wednesday, not far from the Hilton Hotel at the (?Egmont) Palace. It is difficult to predict at the moment whether the results of the talks on the constitutional structure of Bosnia-Hercegovina will be the impetus for the global peace process on Yugoslavia.

'Sarajevo Paper' Talks Basis

AU3003211892 Belgrade Radio Beograd Network in Serbo-Croatian 2000 GMT 30 Mar 92

[Report by Milorad Denda from Brussels]

[Text] During the afternoon and evening rounds of talks within the conference on Bosnia-Hercegovina, the leaders of the three national parties, Radovan Karadzic, Alija Izetbegovic, and Miljenko Brkic confirmed to EC representative, Portuguese diplomat Cutilheiro that the Sarajevo paper of 12 days ago continues to be the basis for the negotiations, thereby invalidating the statements by the Party of Democratic Action [SDA] above all on the document being abandoned.

The Portuguese diplomat suggested that the trilateral agreement consisting of three points be signed here in Brussels. As of this report, he has received the approval of the leaders of the Serbian Democratic Party [SDS] and the Croatian Democratic Alliance [HDZ], Radovan Karadzic and Miljenko Brkic respectively and is now talking about this with Alija Izetbegovic.

What is involved are the following three points: First, cease-fire in all regions. Second, an immediate start to defining and delineating the three national regions, because the conflicts break out exactly at places where these regions are not defined. Third, to agree to grant firm guarantees for human rights under the control of European human rights institutions in all three national

units. SDS President Radovan Karadzic pointed out that this three-point agreement—which he believes the SDA is also going to accept—was alone worth coming to Brussels this time. In Karadzic's opinion, delineating the national regions should not present any problem since what is involved is an administrative delineation. He sees the future Bosnia-Hercegovina as a complex formation and not a unitarian state and pointed out that neither the SDS nor the Serbian people are going to accept the possible recognition of independence before a democratic transformation of Bosnia-Hercegovina. An earlier recognition would present a catastrophic mistake, Karadzic pointed out. He even thinks that negotiations about Bosnia- Hercegovina should not be interrupted and that they should last until an agreement is reached, something that would reduce tension among the people.

SDS Leader Alija Izetbegovic has also confirmed that all sides accepted the Sarajevo document as a starting point to the negotiations, but thinks that the negotiations are going to last longer. In the opinion of HDZ Leader Miljenko Brkic, for the talks continue it is necessary to stop all war activities and to regulate the status of the Yugoslav People's Army. As we report, a dinner is under way after which the talks will continue.

Leaders Agree To Cease Hostilities

LD3003211592 Belgrade TANJUG Domestic Service in Serbo-Croatian 2021 GMT 30 Mar 92

[Text] Brussels, 30 Mar (TANJUG)—Jose Cutilheiro, chairman of the conference on Bosnia-Hercegovina, proposed during today's negotiations in Brussels that the leaders of the three national communities in Bosnia-Hercegovina sign this evening or tomorrow an agreement on cessation of hostilities in all areas of that Yugoslav republic. As Serbian Democratic Party Chairman Radovan Karadzic told reporters, his delegation accepted the proposal during separate talks with Cutilheiro, as did Croatian Democratic Community delegation leader Milenko Brkic, and it is expected that Party of Democratic Action leader Alija Izetbegovic will do the same later this evening when he meets Cutilheiro. The agreement, according to Karadzic, contains two other points: To proceed with defining three national areas along ethnic and other criteria, and to get assurances for human rights for members of the three nations outside their homelands.

Radovan Karadzic revealed the he will propose that the conference continue work without adjournment, and meet daily until the final agreement on the future of the republic is reached. He reiterated that the recognition of Bosnia-Hercegovina on 6 April, i.e. before an agreement is reached, would have catastrophic consequences for the republic.

Three Parties Accept Agreement

LD3003215292 Belgrade TANJUG in English 2121 GMT 30 Mar 92

[Text] Brussels, Mar 30 (TANJUG)—The leaders of the three national parties of Bosnia-Hercegovina on Monday night confirmed their acceptance of the Sarajevo agreement on the organization of the multi-ethnic Yugoslav republic as a state with three constitutive units founded on ethnic criteria, but also taking other criteria into account, as the basis for further talks.

The press was informed about the confirmation of the Sarajevo agreement by Bosnia-Hercegovina Presidency President and leader of the Muslim Party of Democratic Action (SDA) Alija Izetbegovic at the end of the first plenary session of the sixth round of the conference on Bosnia-Hercegovina, which began in Brussels today.

At the start of the session, conference chairman Jose Cutileiro requested that all three delegations declare themselves on the Sarajevo agreement. He said he had been informed from the press and reports of the European Community (E.C.) observers about different interpretations of the Sarajevo agreement, signed on March 18.

The leaders of the three parties agreed in Sarajevo during the fifth round of the conference on Bosnia-Hercegovina, being held under E.C. auspices, that the republic be organized as a state of three constitutive units, founded on the ethnic principle and taking into account economic, geographic and other criteria.

SDA spokesman Irfan Ajanovic told a news conference in Sarajevo the next day that his party does not accept this. Izetbegovic himself on a number of occasions showed that he did not accept the agreement on which he had put his signature on March 18 on behalf of his party. In talks with the press before the start of today's session, Izetbegovic rejected claims that his party does not accept the Sarajevo agreement, but at the same time repeated his opposition to the division of the republic on an ethnic basis.

Head of the delegation of the Croatian Democratic Union (HDZ) of Bosnia-Hercegovina Milenko Brkic requested in separate talks with Cutileiro that the Yugoslav Army withdraw from the republic immediately. Brkic told the press he had informed Cutileiro that the HDZ was advocating the arrival of the U.N. peacekeeping forces in Bosnia- Hercegovina. Izetbegovic today announced that his party would not join the HDZ in its request for the withdrawal of the Yugoslav Army because "this conference is not a forum which can decide on that."

Cutilheiro tonight has talks with Serbian Democratic Party President Radoman Karadzic, after which he will also meet with Izetbegovic. Muslims make up 44, Serbs 31 and Croats 17 percent of the population of Bosnia-Hercegovina. Their three national parties share power in the republic. The Muslim-Croatian coalition last

December requested international recognition for Bosnia-Hercegovina, against the will of the Serbs, one of the three constitutive peoples.

The Serbs are in favour of a confederation-type republic in which there would be no possibility of outvoting, and are insisting on a political agreement, as provided under the Bosnia-Hercegovina constitution, of all three peoples in the republic.

Serbia, Italy Discuss Economic Cooperation

LD2703235292 Belgrade TANJUG in English 2101 GMT 27 Mar 92

[Text] Belgrade, Mar 27 (TANJUG)—Both sides in today's talks between Serbian Prime Minister Radoman Bozovic and a delegation of economic figures from Italy expressed readiness for economic cooperation between the two countries to be promoted and expanded, Serbia's Information Ministry has announced, adding that this related in particular to the fields of agriculture, power production, traffic and telecommunications.

The Italian delegation, which is headed by Vice-President of the Italian Foreign Trade Institute Giancarlo Ferro, is on a two-day visit to Serbia.

Italy is Serbia's third biggest economic partner, accounting for eleven per cent of Serbia's overall foreign trade and 25 per cent of its trade with the Euroepan Community. It was agreed that the existing cooperation between Serbia and Italy, as well as the favourable prospects for future relations, contribute to the restoration of the traditionally good links between the two countries, which have in the past few months, in the absence of genuine information, been unjustly halted. The Italian delegation, which includes representatives of leading Italian firms, was also received yesterday by Serbia's Minister for Foreign Economic Relations Srdjan Savic.

Savic told his guests that Serbia's laws covering foreign economic relations were at a level which made possible all forms of investment and guaranteed the security of all foreign partners. He said he hoped economic cooperation between Serbia and Italy would continue to develop and that the Italian side would contribute to the abolition of the EC'S sanctions against Serbia.

The Italian businessmen pointed to Yugoslavia's uncertain environment, political and territorial changes in the country and obstructions to trade. They stressed that the restoration of the peace was an essential precondition for the realization of all plans. Regardless of a certain decline, data about trade between Italy and Serbia indicates that the chain of cooperation has not been broken, the Italian businessmen said.

Interrepublic

Macedonia Establishes Relations With Croatia

LD3003160692 Belgrade TANJUG Domestic Service in Serbo-Croatian 1524 GMT 30 Mar 92

[Text] Skopje, 30 Mar (TANJUG)—The Republic of Macedonia and the Republic of Croatia today reached an agreement on the establishment of diplomatic relations between the two states at the level of embassies, the Macedonian Ministry for Relations with Foreign Countries said. The two states, the statement says, will develop relations and cooperation in accordance with the principles and norms of the UN Charter, the CSCE Final Act, and the Paris Charter. The states will appoint their ambassadors and until then, buisness will be conducted directly through the foreign affairs ministries.

The establishment of diplomatic relations between Macedonia and Croatia is a confirmation of mutual friendship and respect, and it will contribute to development and cooperation in all areas of mutual interest, the stateent says.

Croatian, Serbian Military Industries Cooperate

AU3003072592 Belgrade BORBA in Serbo-Croatian 20 Mar 92 p 12

[J. Obradovic report: "Sharing a 'Pie' Worth Millions"]

[Text] Regarding TANJUG's report that the Federal Directorate of Supply and Procurement has been delivering M-84 tanks to Kuwait, suspicion was raised in the editorial staff of VJESNIK (quotation from 15 March issue): "It is rather difficult to believe, given the circumstances, that the Croatian and Serbian military industries are cooperating successfully."

It may be difficult to believe, but it is true that the tanks are delivered regularly as this is the obligation of the Federal Directorate of Supply and Procurement. The Federal Directorate "signed a $300 million two-year contract for the delivery of 200 M-84 tanks but, owing to the outbreak of war, the obligations stated in the contract have not yet been fulfilled, since all the tanks were supposed to have been delivered by the end of last year."

VJESNIK went to get some answers from the stockholding company "Specijalna vozila", which is part of the holding "Djuro Djakovic"—Slavonski Brod, and received confirmation there that, despite war conditions, tanks were being completed and delivered, according to the terms of the contract with the "Federal Directorate" from Belgrade. Croatia continues to provide 20 percent of the costs of a tank—VJESNIK reports—and 17 percent of that amount is provided by "Delt" from Daruvar, "Tang" from Nova Gradiska, and several other Croatian companies, while the remaining 3 percent comes from "Djuro Djakovic" itself. The rest, according to

VJESNIK, is provided by about 1,000 sub-contractors in all the republics and provinces of ex-Yugoslavia, except Kosovo.

As a reminder: Yesterday's BORBA printed a statement by the Industry of Military Equipment of Yugoslavia, saying that no product of the armaments and military equipment industry can be completed in one republic alone—not even a bullet, let alone the famous aforementioned tank.

The price of one tank, VJESNIK reports, is $1.5 million, and Croatia gets about $300,000. The largest part of this Croatian "pie" goes to "Djuro Djakovic". If all this is true, then the rest of Yugoslavia shares the remaining $1.200,000.

"Since the middle of last year," VJESNIK writes, "our production has been oriented only toward export and the needs of the Croatian army. Although production goes on, we have difficulties with parts that come from Bosnia-Hercegovina (engines and gearshifts), and Serbia. Some vital parts from Serbia are delivered very infrequently because of the embargo placed by their government, which is suspicious that some of the tanks, instead of going to Kuwait, might be ending up in the Croatian army. So, through Bosnia-Hercegovina, they send us only a few of these vital parts for each tank at a time, and we get new ones only when the previous tanks have been delivered to Kuwait." How is this delivery carried out? According to VJESNIK, the tanks are transported by train to Rijeka, and then by ship to Bar.

This suspicion by the Serbian government, as this text indicates, seems to be shared by the other warring side, too. There is fear in Croatia that these tanks, once in Bar, do not go to Kuwait, but will instead mysteriously appear in the hands of the Yugoslav People's Army. However, the Croatian Ministry of Defense rejects the possibility of Serbia undertaking such a large financial project.

Bosnia-Hercegovina

Silajdzic Hopes for Early EC Recognition

AU3003140492 Vienna Oesterreich Eins Radio Network in German 1000 GMT 30 Mar 92

[Report on interview with Bosnia-Hercegovina Foreign Minister Haris Silajdzic by Armin Wolf in Vienna on 30 March; Silajdzic speaks in English with superimposed German translation]

[Text] [Wolf] Whereas the continued fighting in the Serbian-dominated areas in Croatia will not stop the scheduled mission of the UN blue berets—as the Indian commander in chief stressed—the question whether the United Nations will extend its activities to neighboring Bosnia-Hercegovina is still open. Talks among the three ethnic groups, the Muslims, Serbs, and Croats will continue in Brussels today. Fighting continues in the area of Bosanski Brod, as in the past few days. Otherwise the cease-fire agreed during the weekend [28-29 March] is largely holding. However, the situation continues to be tense, because the Serbs in Bosnia have again withdrawn their consent for the planned division of the republic into three cantons.

On his way to Brussels, the Bosnian foreign minister stopped in Vienna today, where he met with Foreign Minister Alois Mock. Minister Silajdzic, one of the most prominent politicians of the Muslim party SDA [Party of Democratic Action], stated that it is quite clear who is responsible for the most recent conflicts between Serbs and Croats in Bosnia-Hercegovina.

[Silajdzic] Militant and fanatic Serbs are clearly involved here. These people have weapons and want to extend the war to Bosnia-Hercegovina. The Yugoslav Federal Army has so far not supported them officially, but it cannot explain why militant Serbian groups possess weapons of the Army.

[Wolf] Foreign Minister Silajdzic wants the United Nations to extend its peace-promoting mission to Bosnia-Hercegovina. It should send more observers and extend the mandate of the blue berets to Bosnia-Hercegovina. Despite the fact that the headquarters of the UN mission in Croatia is located in the Bosnian capital Sarajevo, the UN troops have no mandate for Bosnia.

[Silajdzic] We have now been asking for an extension of the UN mandate for six months. This would contribute considerably to preventing a spread of the war to Bosnia-Hercegovina.

[Wolf] Silajdzic departed for Brussels this morning, where talks on Bosnia's future will continue today. In the first rounds of talks held under EC auspices, the Serbs, Croats, and Muslims agreed on a division of the republic in some kind of cantons for the three ethnic groups. Last week, there were suddenly reports that Silajdzic's Muslim party, the ruling SDA, is against such a solution. The foreign minister denies this.

[Silajdzic] This is not true. I do not know who said that, certainly not anyone responsible. Someone is trying to manipulate people politically. We stick to our principles and to the agreements we have reached. We are not in favor of a division of the republic because we do not believe that this is good. However, wanting something and having to do something are two different things. The Croatian and the Serbian parties have called for the establishment of cantons. My party, the Muslim SDA, does not believe that this is a good solution. We have always lived together without a division. However, if these two parties insist on the creation of cantons, one must take this into consideration. For this reason, we agreed to this principle.

[Wolf] After the independence referendum at the beginning of March, Bosnia-Hercegovina has now fulfilled all conditions of the EC for recognition as an independent

state, Silajdzic stressed. He hopes that the EC will recognize the republic in the course of next week, on 6 or 7 April.

[Silajdzic] We think that Bosnia-Hercegovina has fulfilled all conditions set by the EC, and we hope that the EC will make a decision on 6 or 7 April.

[Wolf] Austrian Foreign Minister Alois Mock also believes that Bosnia will be recognized soon. If the EC should vote in favor of independence, Austria will probably support the decision. Will Austria go it alone if the EC takes a hesitant attitude? This is possible but not very likely, Mock pointed out.

[Mock] For me this would become a very urgent problem if there is military intervention in Bosnia—as happened in Slovenia and Croatia at the time. However, all sides seem to be willing to prevent such a step, despite recent incidents. Maybe they have learned their lesson.

Presidency, EC Hold Talks in Bosanski Brod

AU3003200292 Sarajevo Radio Sarajevo Network in Serbo-Croatian 1700 GMT 30 Mar 92

[Jadranko Vujic report]

[Text] The day has passed peacefully and without incident on the territory of Bosanski Brod. Fikret Abdic, member of the Bosnia-Hercegovina Presidency, Alija Delimustafic, minister of internal affairs, Jerko Doko, minister of national defense, and an EC observers mission have been visiting Bosanski Brod. Fikret Abdic, member of the Presidency, told us that at the meeting that these delegations held today with the crisis headquarters of Bosanski Brod, two commissions were appointed to supervise the implementation of the Derventa agreement on the end of all fighting on the territory of this commune. One of the commissions will work with the Bosanski Brod crisis headquarters, while another commission will cooperate with the crisis headquarters of the Serbian part of the commune, which is in Lijesce.

After the meeting in Brod, the members of the republican delegation and representatives of the EC observers mission were supposed to go to the village of Lijesce for talks with the other side. Our team was not able to go to Lijesce again this evening because the telephone lines are still down, and we would not have been able to file this report. We do not yet have any details on exactly when members of the special units of the Ministry of Internal Affairs of Bosnia-Hercegovina are due to come to Bosanski Brod. The only information we were given by Fikret Abdic was that these units are on their way to Brod and that if they do not arrive during the night, a buffer zone between the warring sides will be set up tomorrow. Otherwise, our team visited both crisis headquarters and Slavonski Brod, too. There are armed formations of Serbian Territorials are in the whole area, as well as members of the defense units of Bosanski Brod, while troops of the National Guard corps of the Republic of Croatia are on the alert in Slavonski Brod.

Passing through this area today and in the last few days, we noticed a large number of demolished houses and other buildings on both sides, and members of the Serbian Territorials in Lijesce told us that they are exhausted and tired but prepared for everything.

The situation is similar on the other side, and a lot of effort has to be made to implement the agreement on the end of hostilities. As I send this report, and it is now 1830 [1630 GMT], members of the special units of the Ministry Internal Affairs have not yet arrived in Bosanski Brod.

Assembly Deputies Propose Demilitarization

LD3003150992 Belgrade TANJUG in English 1233 GMT 30 Mar 92

[Text] Belgrade, Mar 30 (TANJUG)—An independent group of deputies in the Assembly of the Yugoslav Republic of Bosnia-Hercegovina has proposed to Portuguese diplomat Jose Cutilheiro, the chairman of the Conference on Bosnia-Hercegovina, that the republic be demilitarized, because the formation of a common army is impossible. According to the deputies, the implementation of civil rights and liberties would be secured by three ethnic police forces, which would coordinate their work through a central republican police bureau.

In a letter to Cutilheiro, the deputies stress that unity, territorial integrity and coexistence is lately cynically being advocated by the very people responsible for Yugoslavia's disintegration.

"They are responsible for the disintegration of federal institutions, and now, by the secession of Bosnia-Hercegovina, they are playing a key part in dismembering the republic completely," the deputies said in the letter. The rejection of the idea on an integral Bosnia-Hercegovina in a bourgeois Yugoslavia has made the disintegration of the common state imminent. Therefore, the minimum which must be accepted by at least two ethnic communities in Bosnia-Hercegovina is to organize the relations between the republic's three nations by forming three sovereign constituent communities in a confederal Bosnia-Hercegovina, the deputies said. Bosnia-Hercegovina's population is 43.77 percent Muslim, 31.46 percent Serb and 17.46 Croat. Power in the republic is shared by three ethnic parties—the Moslems' Party of Democratic Action (SDA), the Serbian Democratic Party (SDS) and the Croatian Democratic Union (HDZ).

"Europe has realized the situation in Bosnia-Hercegovina, and it will not allow a step back in the conference on peace in the republic. The latest Sarajevo agreement will be elaborated in Brussels, so the hysterical outcry against the essence of the agreement is unfounded," the deputies said. The leaders of the three

ethnic parties agreed in Sarajevo to organize Bosnia-Hercegovina as a state comprising three constituent units. However, the SDA yesterday announced its pulling out of the agreement.

Karadzic Blames Izetbegovic for Refugee Crisis

LD3003125192 Belgrade TANJUG in English 1305 GMT 29 Mar 92

[Text] Sarajevo, Mar 29 (TANJUG)—President of the Serbian Democratic Party of Bosnia-Hercegovina Radovan Karadzic has said that president of the republic's presidency Alija Izetbegovic is most responsible for the fact that people are fleeing their northern Bosnian homes in a situation of which Europe should be ashamed. "Those most responsible for refugees in Bosnia-Hercegovina are, above all, Izetbegovic and other men holding power and asserting that they control the Bosnian-Hercegovinian territory as a whole, which is evidently untrue," Karadzic says in a statement carried in today's Belgrade daily POLITIKA. Izetbegovic, who is also chief of the Moslem National Party of Democratic Action (SDA), left on Wednesday for a several-day unofficial visit to Saudi Arabia leaving Bosnia-Hercegovina under conditions of war.

In northern Bosnia, 30-odd people have been killed and 300 wounded since last Tuesday in fighting between local Croat-Moslem paramilitary formations supported by armed units from neighbouring Croatia on one hand and Serbian Territorial Defence (T.O.) members on the other. On Thursday, after Croatian Ustashi forces massacred 15 members of five Serbian families in the northern Bosnian village of Sijekovac, large numbers of Serbian civilians have begun to take to the woods.

Karadzic, saying that an exodus in northern Bosnia "shames Europe" which "allegedly tries to find solutions to Bosnia-Hercegovina while actually plunging it into fresh trouble and popular divisions."

Karadiz says that Serbs in Bosnia-Hercegovina were not surprised by the crossing of secessionist Croatia's heavily-armed formations into northern Bosnia, because this had already been announced more than once by top Croatian officials. At the same time, Karadzic was confident that the party of Bosnian-Hercegovinian Croats—the Croatian Democratic [words indistinct] standing behind the armed actions by Croatia's military formations. The Yugoslav Army and Serbs in Bosnia-Hercegovina accuse Croatia of an open and conventional aggression against the central Yugoslav Republic. Inter-ethnic strife between Moslems (43.77 per cent of Bosnia-Hercegovina's population), Serbs (31.46 per cent) and Croats (17.34 per cent) broke out when the three nations' representatives disagreed about the republic's future state-legal status. The Moslem-Croat coalition advocates for an independent and single Bosnia-Hercegovina, while Serbs demand the setting up of cantons upon the national principle in a confederal republic.

Croatia

Foreign Minister Comments on Far East Talks

LD3003230292 Zagreb HTV Television in Serbo-Croatian 1730 GMT 30 Mar 92

[Text] Continuing his tour of the Far East, Croatian Foreign Minister Zvonimir Separovic has been paying a visit to Indonesia. Minister Separovic comments on his talks so far:

[Begin Separovic recording] We will soon end our visit to Indonesia. I had talks in Jakarta with Viryono Sastro Handoyo, state secretary in the Foreign Ministry. We reported on the situation in Croatia and former Yugoslavia. We proposed that they speedily recognize the Republic of Croatia. At the same time, being a leading country in the Nonaligned Movement, we asked them to accept Croatia as a guest member of the movement. We proposed bilateral cooperation and asked them to recognize our passports. Their reply was cooler than we experienced elsewhere. Our collocutor and his associates told us that what is happening in former Yugoslavia is sad, that they are following the process of disintegration attentively and with interest, and that although Yugoslavia might have been an artificial and wrong creation, it achieved a lot in international relations. This is obviously only a residue of Indonesian love toward the whole of Yugoslavia. We have achieved less than we desired, but more than we expected. [end recording]

Deputy Prime Minister Discusses UN Forces

LD2703204292 Zagreb Radio Croatia Network in Serbo-Croatian 0910 GMT 27 Mar 92

[Address by Croatian Deputy Prime Minister Milan Ramljak on the deployment of UN peacekeeping forces at the Croatian Assembly in Zagreb—live]

[Excerpts] Mr. President, dear ladies and gentlemen, I'd like to submit a report on the UN peace operation in the Republic of Croatia and activities of the government and its bodies in connection with this operation.

At the moment it is unnecessary to analyze goals and tasks of the UN peace operation, because that was done in a report called The Republic of Croatia After International Recognition which was submitted by Croatian Deputy Premier Mate Granic at a joint session of all chambers of the Croatian Assembly in February 1992. However, it is important to stress that the Republic of Croatia initiated and fully supported internationalization of the Yugoslav crisis. [passage omitted]

Now, dear ladies and gentlemen deputies, I would like to say something about certain issues regarding the UN operation and some agreements reached on these issues. Basic issues which define the starting parameters for

further organization of the UN operation have continuously surfaced during our meetings with UN representatives, later with UNPROFOR [UN Protection Force] representatives. Among others, these are the following issues: protection of borders, return of displaced persons and refugees, demilitarization and the timetable for the withdrawal of the occupying troops from occupied territories, legal system in the UNPAs [United Nations Protected Area], borders of the UNPAs and expense of the peacekeeping operation.

The issue of protection of borders: In talks about problems of the protection of borders we have stressed that the UNPROFOR status does not encroach upon the territorial integrity of the Republic of Croatia. In this instance we referred to the principle of the territorial integrity of states guaranteed by the UN Charter, the Helsinki Final Act, all political documents from The Hague, statements by participants of the Peace Conference on Yugoslavia, UN resolution and views of the Badinter Commission issued on 20 December 1991. The views openly and clearly tell Serbia that if mutual agreement is not achieved by the end of the process of disintegration of Yugoslavia, then former republican borders will assume the character of borders protected by the international law.

The issue of the return of displaced persons and refugees: [passage omitted]

The issue of demilitarization and the timetable for the withdrawal of the occupying troops from occupied areas: According to a report and conclusions of the UN secretary general, two central elements of the UNPROFOR deployment plan are: withdrawal of the Yugoslav People's Army from the whole of the territory of the Republic of Croatia and the demilitarization of the UNPAs. The plan envisages that the process of taking over responsibility for the protection of these areas by the UN peacekeeping forces will be simultaneous with the process of demilitarization, i.e. the withdrawal of all JNA units from the Republic of Croatia. The demilitarization plan is being drawn up by UNPROFOR in agreement with commanders of the forces currently stationed in the area of demilitarization, while the timetable for the withdrawal of JNA units is being drawn up by the UNPROFOR chief commander and the federal secretary for National Defense of the Socialist Federal Republic of Yugoslavia.

Therefore, we wanted information regarding the timetable for the withdrawal of occupying troops from the Republic of Croatia. In talks with UNPROFOR we insisted that the withdrawal of JNA units and demilitarization be speeded up to a maximum degree. We wanted to see the plan of deployment and demilitarization and were told that the plan had not yet been drawn up. It was stressed in this connection that UNPROFOR representatives understood our concern and hence they were intensifying to a maximum degree the deployment of their forces. Commander of the civilian part of UNPROFOR, Mr. Thornberry, pointed to a precedent made by the UN secretary general: Activities on the deployment of the peacekeeping forces have been intensified and speeded up due to continuous cease-fire violations in spite of the fact that the estimate of costs of the peacekeeping operation has not yet been voted for, i.e. the UN Security Council has not yet endorsed the UN operation.

Final deployment of forces is expected to take place in the second part of April followed by the final withdrawal of all members of occupying forces from all of the Republic of Croatia. That also means that they are to withdraw from Vis, Lastovo, Konavli and other parts of the municipality of Dubrovnik, from the municipalities of Drnis, Zadar, Karlovac etc., i.e. municipalities which are partially occupied and are not included in UNPA. To our explicit question about the duration of the withdrawal we were told that the withdrawal would be carried out in a very short period of time, between 10 to 15 days at the most. A point was made that demobilized Yugoslav Army officers have been taking off their uniforms and have been preparing to take up police duties in UNPAs.

The issue of legal order in UNPAs and the functioning of local authorities: Although a report by the UN Secretary General of 15 February explicitly says that laws of the Republic of Croatia are not to be in force in UNPAs until a political solution is reached, this issue inevitably arises at every meeting, due to the fact that the UN Secretary General's report does not mention which laws are to be in force in UNPAs.

The stance of the Croatian side is that from the political, legal and any other point of view, the application of Yugoslav and Serbian laws is absolutely unacceptable. The use of laws which the remnants of former Federal Assembly adopt specifically for the occupied areas is also absolutely unacceptable. The law on the application of the legal system on the part of territory of the SFRY which is under special UN protection dated 18 March 1992 particularly stands out. We stressed that the law was unconstitutinal even from the point of view of the very constitution to which those who drew it refer. The 1974 Constitution does not envisage the existence of such bodies—only remnants of such bodies exist which have been trying to usurp the power under the UN protection. One has to take into considertation the fact that, according to that Constitution, a relatively small circle of duties came under the scope of responsibility of the then federation and that the federation regulated with its own regulations a narrow area of the social life. The brunt of legislative activities fell on the republics and provinces.

Even if there were an effort to create something that was the legal system of former Yugoslavia, then the scope of the application of republican regulations is far wider than the application of regulations of the former federal state. This issue remains open for further discussion with the UNPROFOR representatives and will be defined a great

deal by the facts in the field, by the results of reconnoitering by the UNPROFOR advance group and also during the peace conference on Yugoslavia in Brussels.

Anyway, to begin with, the situation will not be the same throughout UNPA. In parts of UNPA under our control nothing formally nor legally will change by the arrival of UNPROFOR. Both political institutions and the legal system of the Republic of Croatia will remain in force. It is only in the police bodies where it will be necessary to secure the proportional representation of national minorities, if they do not reflect that composition within the present structures. In municipalities which are partly included in UNPA the situation is somewhat more complex but is not basically unfavorable for us. It will be hardest in municipalities which, according to regulations on the protection of national minorities enjoy a special status. It should be expected that problems in these municipalities will finally be resolved only by the implementation of these regulations which again ultimately depends on the political solution in Brussels.

We should mention here that in occupied areas, which is outside UNPA, legal order is to be established simultaneously with the withdrawal of the occupying units and the power is to be taken over by legal bodies of state local authorities. [passage omitted]

The issue of cost of the peace operation: In connection with the agreement on the status of the forces and UN Security Council Resolution 743, the issue of the UNPROFOR's high cost has been discussed on several occasions and at several levels. The demand that the Republic of Croatia covers the cost of accommodation, food, fuel, transport and the like, has been made and constantly stressed. In the course of these talks, we have been stressing that the Republic of Croatia has been destroyed in the war and that its economy is in peril due to a high level of unemployment and an enormous number of refugees and displaced people.

Hence, Croatia cannot finance directly the enormous cost of the UNPROFOR operation, but it can contribute considerably toward its reduction. The acceleration of the political solution would reduce the cost, because the envisaged time of the operation would be shortened. Then, a more rational stationing of the command structure and the main logistic base could lower the cost, because the stationing of the main command in Sarajevo and the main logistic base in unsuitable Banja Luka raises the costs. They were offered free accommodation and exceptionally appropriate space at Pleso airport in Zagreb. Besides, they were offered free use of barracks and other military facilities for accommodation of military and police units, civilian services, equipment and material.

Within the framework of the requested contribution from the Croatian side for the activity of the UN forces on the territory of the Republic of Croatia, we have on several occasions met these demands made by either UN liaison officers or the Croatian Bureau of UNPROFOR liaison commanders, which was set up after the UNPROFOR started to work. These demands concerned free use of offices in the former JNA Club and free use of cars. Free transport for UNPROFOR advanced party was also secured during their visit to Zagreb. With the rise in numbers of the UN forces as of 16 March, a demand for accommodation and transport of personnel and equipment can be anticipated.

Although the UN peacekeeping forces are coming to the territory of the Republic of Croatia, we cannot be satisfied with the current situation in the Republic of Croatia. The enemy is threatening the UN operation with increasingly frequent and fierce cease-fire violations. These are not sporadic cease-fire violations, but wide-ranging actions. In spite of the cease-fire agreement, people are being mercilessly killed, property destroyed and burnt down on the entire endangered territory. This cannot be seen as provocations of undisciplined military gangs, but as a part of a wider plan for offensive. On the one side, there is desire to capture some strategic points, and, on the other, new conquests should lay grounds for a demand that areas under the UN protections is broadened. We have drew attention of the UNPROFOR main commander, Gen Nambiar, and his close aides this, and to the strengthening of Serbian military units, as well as the units being put in offensive positions. These warnings, as well as worrying reports of the UNPROFOR advanced party about the situation in the endangered areas, were reasons for a speedier arrival of the UNPROFOR.

Parallel with military cease-fire violations, the enemy authorities are breaching the cease-fire with a genocide against the Croatian people and ethnic minorities. We have informed the UNPROFOR and the EC observer mission about threats, plundering, and latest expulsions of the Croatian population from the areas around Zadar, [three placenames indistinct], and the expulsion of the Ruthenians and Ukrainian ethnic minorities from Petrovac. We have warned them that these expulsions are a part of a plan by the force of occupation to purge ethnically the occupied territories before the UNPROFOR arrives. [passage omitted]

Mr. President, ladies and gentlemen, the Republic of Croatia has shown to the international public its desire for peace and and democratic solution of the crisis on the soil of the former Yugoslavia; it called on the UN to implement the peacekeeping operation. The Republic of Croatia is grateful to the United Nations Organization for all its activities aimed at securing a just and lasting peace. We shall hence provide wide-ranging cooperation to the UN peacekeeping forces and ensure cooperation at all levels of government and other segments of the society. We shall be be especially good hosts to members of national contigents with the UNPROFOR, to whom we are equally grateful for their personal contribution expressed in their arrival in war-torn areas of the Republic of Croatia. We regard as our friends countries which heeded UN calls to take part in the UN forces. All

members of the UNPROFOR, the humane peace mission, we shall especially welcome.

I must stress here that parts of the public are having differing expectations from the UNPROFOR. It is frequently forgotten that this complex international operation is primarily technical in nature. Its aim is to secure peace as a precondition for successful political talks. The UNPROFOR is an unbiased mediator for securing peace while negotiations for a democratic, peaceful solution are under way. Therefore our expectations regarding the UNPROFOR must be adjusted to its objective. It is there to free us from sufferings and pressures while a political solution is being sought. The Republic of Croatia expresses its full confidence in the UN mission, but it also expresses its readiness to protect its internationally recognized sovereignty and independence and monitor effects of the peace operation. In this context, the Republic of Croatia ought to pay full attention to a search for a speedy political solution through the mediation of the international community within the framework of the Brussels peace conference on Yugoslavia. [passage omitted]

Finally, I wish to stress that when the UNPROFOR establishes full control, peace and order will replace chaos, anarchy terror and personal insecurity of citizens in the UNPAs, and that conditions for normalization of all aspects of life of people and citizens will be gradually created. A search for finding ways to establish contacts with legal representatives of the Serbian national community in Croatia, will inevitably go hand in hand with this normalization.

It must be clear to everyone, but above all to them, that the former federal state is dissolved and that a new Yugoslavia cannot be put together out of the remnants of the former federal state either by military force nor by political negotiations and least of all by pure rhetoric. On the other side, it is clear that Serbia has lost this war, which it started under the slogan All Serbs in one state, and that even the last remanants of its army will leave the Republic of Croatia at latest by the end of May. Besides, it is beyond doubt that the Republic of Croatia is internationally recognized state within its state borders, that it is a member of international bodies and organizations, and that the threshold of becoming a member of the organization of all world countries.

Bearing in mind this and wider political and normative frameworks of the constitutional law on the protection of ethnic and national communities and minorities, we should try again to establish contact with and offer a dialogue to legitimate representatives of the Serbian national community in Croatia about the exercise of rights and fulfillment of obligations stemming from the mentioned law. This is in line with the letter and spirit of the Croatian constitution and all political documents adopted by the authorities, government and this Assembly. Thank you.

Greguric Delivers Work Report to Assembly

LD2703115792 Zagreb Radio Croatia Network in Serbo-Croatian 0812 GMT 27 Mar 92

[Address by Croatian Prime Minister Franjo Greguric on the work of the Croatian government in 1991 to the Croatian Assembly in Zagreb—live]

[Excerpts] Mr. President, ladies and gentlemen deputies, allow me in this short report to remind you of the most important events of the past, tumultuous year of 1991, without attempting to assess in detail all the events. The Croatian people and citizens of our republic showed in their first free elections that they were in favor of a multiparty parliamentary democracy, a modern market economy, respect for human rights and freedoms, including the rights of minorities, and a law-governed welfare state in the framework of an independent and sovereign Croatia. [passage omitted]

Without the understanding and support of the international community and the support of the majority of the republics, we were exposed to political, economic and, subsequently, to armed pressures, to make us accept a subordinate position in some form of joint state. The opponents of Croatian [word indistinct] had long been planning to settle scores with our republic, in the knowledge that with a weak Croatia they would maintain control over the other parts of the former Yugoslavia. That none of this was by chance was proved by the confiscation of weapons and equipment from the units of the Croatian territorial defence, even before the elections in the spring of 1990. This illegal act bears witness to the fact that for the former army and for Serbia, all Croatian political parties which were paving the way for a sovereign, independent and democratic Croatia posed a danger and that armed aggression was being carefully planned over a long period. [passage omitted]

It was necessary to fundamentally alter the picture of the events in Yugoslavia and the legitimate aspirations of the Croatian people for self-determination, and to give this an internationally acceptable basis. This was done by means of the referendum on 19 May 1991, when the Croatian political body clearly reiterated through the ballot box that it was in favor of the independence and sovereignty of the Republic of Croatia, with the possibility of an agreement on a certain form of community. The referendum represented the turning point after which the further actions of the president of the Republic of Croatia, vis-a-vis the international community, were strengthened by the clearly expressed will of the people. Thus, twice in one year the Republic of Croatia proved its political maturity and developed sense of the destiny of the people and state, of the political juncture in our homeland and the wider geopolitical circumstances, revealed in the decisions of the Assembly on independence and sovereignty of 25 June last year.

The 7-day war in Slovenia was a serious test for us, especially because the units of the former Yugoslav army

were based in Croatia and were used in the attack on Slovenia. Many remain with the feeling from that period that that was an opportunity to attack the garrisons and drive the former army out of Croatia. However, it should be borne in mind that Croatia's military strength was inferior at that time in comparison with the technically very well equipped army. It should be understood that Croatia should not and could not have entered a direct conflict with the army. We needed more time for preparations, particularly military preparations. We gained breathing space with the Brioni declaration, even though we cannot be completely satisfied with the treatment Croatia received in that document. It was clear that the EC put too much faith in the army and Serbia, that it even believed them when their signatures were a deception. The Brioni declaration afforded the possibility, soon taken up, of the involvement of European observers. With this gesture the international community made a decision even then to actively participate in the solution of the Yugoslav crisis and in our republic. These ties were strengthened with the cooperation with the EC observers and the advance groups of the UN forces and with the peace conferences and peace operations of UNPROFOR [United Nations Protection Force]. [passage omitted]

In this period, the government of democratic unity was formed, which included all parliamentary parties in the work of the government and its primary task of defending freedom, territorial integrity and democracy.

A few words about the government of democratic unity. The tasks of the government of democratic unity were established by the agreement of the assembly parties of 3 August 1991. The nine points covered three basic areas: defense, international recognition, and work on democracy and the protection of human rights. In view of the number of different interpretations and the speculation on the way the government is fulfilling its task, and the fact that two parties have withdrawn their representatives from the government - the HDS [Croatian Democratic Party] and HSLS [Croatian Social Liberal Party], and that one has withdrawn from the agreement—the HSS [Croatian Peasants' Party]—I consider as the necessary and most important task the [words indistinct] and to give an assessment of their implementation.

With regard to the defense of the republic, the government was called on to organize an effective defense and to establish the rule of law throughout the territory of the republic. Second, to ensure the economic, health and social conditions for defense by furthering a market economy and private ownership. Third, that the former JNA should without delay withdraw to its garrisons and within an appropriate deadline withdraw from the Republic of Croatia. Fourth, to protect all the population in the threatened areas and ensure the return of all refugees to their homes. With regard to the former Yugoslavia and international recognition of the Republic of Croatia, the government had to speed up the process of the separation of Yugoslavia and the international recognition of Croatia, take measures to establish the mutual rights and obligations with regard to the other republics and the former federation, [word indistinct] establish cooperation with the republics and provinces which recognized the sovereignty of Croatia.

And finally, the third area relates to the promotion of democracy, in which area the government had to do the following: continue to develop democracy in all areas of society, particularly in the operation of the organs of government and in the area of public information; second, to ensure the conditions for the democratic solution of problems of the coexistence of the Croatian nation and parts of other nations living in the Republic of Croatia; and third, ensure the fundamental human rights of national minorities guaranteed by the general declaration of the United Nations and the instruments of the CSCE and the Paris Charter.

From the aforementioned tasks and the analysis of their realization, clear conclusions emerge about the effectiveness of the government in resolving the problems arising out of the aggression and war. Despite the [word indistinct] dramatic moment of the defense of the republic, there was no loss of confidence in the forces of democracy, in freedom, in respect for legal and other individual and group initiatives, as a reply to the unprecedented brutality, irrational hatred and destructiveness of our enemies. Croatia has proved that even in the maelstrom of war positive social and personal values can be developed and, thereby, set for itself exceptionally high postwar criteria and goals which it will satisfy and achieve, taking its equal place alongside the countries of the economically developed and politically free world.

A few words on defense. The results of the defense war indicate that it has once again been proven that a nation defending its hearth, freedom and territory is invincible, fighting against a far stronger enemy, inspired by the ideals of preserving the existence of a nation and the right to its own state. I will just briefly repeat the assessments pronounced from this platform that with the bravery, united resistance and sacrifices of our fighters, we have liberated two-thirds of the territory of the Republic of Croatia, and that we will also liberate the remaining third. With due respect to differing views, I think it is incorrect to describe Croatia before the war as anything other than an occupied territory. It should be recalled that we were under occupation before the aggression and that the enemy had sufficient time and the legal cover to prepare a lengthy seige of the entire republic. Seen from this angle, which I think is necessary, with regard to our struggle for survival the extent of our resistance takes on heroic dimensions.

We created a respectable army in the period of just 10 months despite all technical, organizational, logistical, cadre related, and other problems, and united all health, construction, food, transport, communal, and other potential for defense purposes. In the initial phase of our defense we set up crisis headquarters which for the most part fulfilled their tasks successfully. The force of the attack on Croatia required fast operational solutions, as

well as the coordination of services which the crisis headquarters carried out. Our army today has at its disposal all ... and is capable of defending and liberating the Croat territories. Our army's success in offensive actions in Western Slavonia and Lika, parts of Dalmatia and Baranja, confirmed the high level of its combat readiness and also contributed to the change in not only political, but also the military situation in the Republic of Croatia.

Valuing the skills and results of the Croat diplomacy in negotiations on the withdrawal of the former Army from our republic, we must equally pay full tribute to our units which played a considerable role in creating a true image about our defense capabilities, especially after the implementation of the decision on lifting the blockade of army barracks. This bears witness to the rightly chosen tactics of coordinating the withdrawal or complete withdrawal of the former Yugoslav People's Army [JNA] from the territory of the Republic of Croatia, as well as the withdrawal of all irregular units which arrived from other republics, all this in cooperation with the peacekeeping forces.

As always happens after battles, the question arises as to whether more could have been done. Such questions have been frequently raised recently given that the occupier is brutally violating the Sarajevo agreement trying to prevent the arrival of peace forces. Before giving a reply I would like to remind myself and you of the victims which the aggression and war have been inflicting on us:

Almost 5,000 people were killed, about 6,000 are registered missing, about 3,100 are imprisoned in camps in Serbia and Bosnia-Hercegovina, while the number of injured is already reaching 20,000; 37 percent of the economic potential was destroyed or heavily damaged, nine large hospitals and dozens of smaller medical centers were demolished, as well as over 300 churches, 200 monuments of the highest category of importance, hundreds of schools and children's institutions. Major traffic arteries were damaged or blocked, most important agricultural producers were looted, and it was not possible to carry out all harvesting and sowing works completely and on time. Two tourist seasons were lost and prospects for this year's are still under question mark. To give it in figures, the damage is estimated at about 21 billion dollars, which is about 5,000 dollars per citizen of the republic. In such conditions the continuation of war would mean that thousands more would be killed or injured again and that the economy and infrastucture would be exposed to fresh destruction.

We neither dared nor wanted to launch ourselves into this—especially after the international recognition and preparations for the arrival of peace forces. The Republic of Croatia will regain the full sovereignty of the occupied territories and there are other options, apart from the military one, for achieving this. Military forces should be reduced to the extent necessary for deterring the enemy from aggression and the surplus demobilized and used in production. Initial measures have already been taken and the number persons reduced by 20 percent. Further measures will be implemented in keeping with the development of the military and political situation and changes caused by the arrival of peace forces.

A few words about foreign policy. Along with military efforts and the engagement of all human and material resources for the defense of our homeland we are conducting foreign-political activities with exceptional efficiency. Republic President Franjo Tudjman is particularly involved in these activities. The crossroads in the treatment of the Yugoslav crisis is the Declaration on Yugoslavia, which the EC Council of Ministers adopted on 27 August 1991. After the weak Brioni declaration, parts of which ignored the Republic of Croatia, the EC disclosed a document of far-reaching importance. For the first time, Serbia and the former JNA were named and condemned as aggressors, a possibility of changing borders by force rejected, and a possibility of recognizing republics [words indistinct] announced.

Subsequent analysis has shown that this determined the course and dynamism of resolving the Yugoslav crisis and established the basic principles from which the EC would not depart, because it would otherwise act against the rules of the international public law and the principles of basic documents of the UN, the CSCE, and the Paris Charter. The UN's involvement in resolving the Yugoslav crisis meant its full internationalization, while at the same time multiplying the tasks of the Croat diplomacy. [passage omitted]

Mr. President, ladies, and gentlemen, a few words about the economy. In the post-electoral period the economic activity in Croatia took essentially two different forms. In the first year, the June 90-June 91 period, the republican economy was, to a large extent, included in the economic structure of the former Yugoslavia. [passage omitted]

With the beginning of the war and the breaking up of interrepublican economic and financial contacts, the economic situation deteriorated dramatically. After the escalation of war operations, at the end of August, negative trends accelerated considerably. [passage omitted]

The key task at the beginning of 1992—the prevention of hyper-inflation—has been successfully realized, though the price explosion [dinamika cena] is somewhat greater than the projected one. Production is also within the planned framework. Most difficulties are still found in the public sector's large current deficit. Unless the military and political situation is completely stabilized very shortly foreign financial and material support will fail to come until further notice. This will call for restrictions in state and basic consumption or for efforts to find fresh ways and motives—despite political instability in the broader region of Croatia—for attracting foreign capital [words indistinct]. [passage omitted]

[Passage omitted]

It is certain that the greatest burden of war is born by—apart from those who are gone and whom we honor—refugees and displaced people. It is our sacred duty to help these people and return them to the life to which they were accustomed and help them revive their destroyed, burnt down, and plundered settlements, so that Croatia can spread on the now occupied territories.

According to information from 20 March, there are 326,012 refugees and displaced people. Out of that number, 120,120 found shelter in the Zagreb area. It is estimated that about 170,000 fled the Republic of Croatia, so that the number of refugees and displaced people has reached 500,000. We think that, despite all difficulties caused by the interruption in road traffic, by an enormous number of people who needed to be sheltered in a short space of time and by organizational and logistic problems, we have passed the first test and left no one without basic care. We owe gratitude above all to citizens of our republic who opened the doors of their homes, as well as to numerous humanitarian organizations from the country and abroad, the Bureau for Refugees and Displaced People, and other organizations and institutions, including churches, trade unions, and [word indistinct]. [passage omitted] Beside refugees and displaced people, the government is especially looking after captured citizens and soldiers who are being kept as hostages by the former Army. We estimate that about 9,100 people are still either missing or captured, and that the former Army is not releasing about 1,700 soldiers to their homes. We expect that a large group of about 500 people will be exchanged. This will bring the number of exchanged people to 4,000. The Government of the Republic of Croatia expects that it will succeed with the help of the international community in exchanging the remaining prisoners and soldiers. [passage omitted]

Allow me, ladies and gentlemen, a few words about the rule of law:

The war has brought with it major changes in the behavior of people, in their respect for public peace and order, and in the efficiency of the law-governed state. Criteria change in the time of war, but the rule of arms and might must not be allowed, because we must ensure the respect for public peace and order and the efficiency of the law-governed state in all areas of life. Arbitrary takings of justice into one's own hands have taken unacceptable proportions especially in war-affected areas. The government has on several occasions demanded, from relevant ministries, the prevention of the harassment of citizens in the area of work relations, and the destruction of citizens' property, in particular houses and [words indistinct], as well as theft.

Furthermore, even marginal use of symbols and insignia of forces defeated in the Second World War, cannot be accepted. The official symbols of the Republic of Croatia and their use are defined by the constitution and law. All other symbols, and specifically symbols from the NDH [the Independent Croatian State - a puppet regime during World War II], are inflicting substantial damage to democracy and the Republic of Croatia. Many abroad take sporadic use of *these symbols as a proof of the* strengthening of right-wing trends, which is not nor will it be the policy of the democratic Republic of Croatia. The mentioned and the like stands of the Government of the Republic of Croatia stem from the principle of the respect for law and the principle of equality of all citizens in front of the law, as the foundation on which Croatia is building its democracy and bid to return to the family of European states.

Since the onset of war conflicts in Croatia we have been considering reports about various forms of law breaking, including human rights violations. Several commissions were set up with the task of investigating committed crimes and checking indications that crimes were indeed committed. Commissions for the treatment of people captured in war and for missing people were also established. The Bureau for Interethnic Relations was founded with the aim of looking after rights of national minorities and ethnic communities, as well as the Bureau for Refugees and Displaced People with the task of looking after people who had to leave their homes in order to avoid death. Clear stands regarding respect for human rights, the rights of minorities, and consistent implementation of laws, were presented in a series of conclusions and communiques from government session. The policy currently implemented is based on the constitutional law, international standards for human rights, the rights of national minorities, and the international law on war in cases to which this legal regulation applies.

On 22 November of last year, the Government of the Republic of Croatia asked the UN, EC, CSCE, and governments of countries which are members of these organizations, to undertake everything in their power to set up a permanent international court for war crimes and other crimes against humanity and international law. Unlawful actions and overstepping of powers on the part of political and military units cannot be tolerated. Perpetrators must account today and not tomorrow for the plundering, burning down, and destruction of industrial and private buildings, for threatening basic security and public peace and order. Such behavior is contrary to the principles of rule of law, respect for human rights and liberties, and pose a serious danger to democracy and the legally elected Government in the Republic of Croatia.

The Government of the Republic of Croatia holds that conditions have been met for (?government powers to be abolished, which was done yesterday). Ladies and gentlemen, 1991 is behind us. Looking back on the events we can say that it was the year of great suffering but also of great victories. A war was imposed on us. Numerous lives were lost. Towns and villages were destroyed. Thousands of people are scared for life. And souls of all of us were hurt by the brutality of crimes committed by our past neighbors and acquaintances. Millions of people had to flee to save their lives from the greater Serbian

and army aggression. The last year reunited Croats in the homeland and diaspora. It brought us international recognition. It gave us the opportunity to be our own masters. It gave us the opportunity to introduce our own currency, police force, army, diplomatic service, and [word indistinct]. In short, it allowed us to act as an organized, sovereign, and independent state. The government will continue to resolutely work on the protection of sovereignty and independence; on the development of democracy; on respect for laws, human rights and minority rights; on the reconstruction and functioning of the market economy; and it will organize an efficient state administration and develop friendly cooperation with members of the international community.

On behalf of the Government of the Republic of Croatia, I wish to express gratitude to all soldiers who fought for benefit and welfare of Croatia; to all who with Croatia in their heart, stood up against forces of the dark. I wish to thank this esteemed House on historical decisions made in such a short time, and on cooperation, assistance, and understanding which the government regularly had from this assembly.

Sisak Attacked; Citizens Seek Refuge

LD3003205992 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 30 Mar 92

[Report by Branko Kanizaj]

[Text] After 86 [quiet] days, the citizens of Sisak have had to take to the shelters again. This afternoon, the enemy launched the fiercest attack since the Sarajevo agreement on almost all lines of the Posavina, Banija, and Pokuplje front. They fired several missiles from heavy artillery on the town center and suburbs. A general alert is still in force in Sisak, and its citizens are in the shelters.

As in the fiercest clashes during the war, the aggressors opened fire this evening with all types of small and heavy arms. They also launched an infantry attack on the estuary of the River Glina into the River Kupa. The attack was repelled. More than 200 shells fell on this area and on the Glinsko Polje area. This enemy activity is being accompanied by the burning of houses and businesses in Novo Seliste, Donje Jame, and other villages.

A strong attack was launched on Sunja at around 1904 [1704 GMT]. Several hundred missiles fell here. An infantry attack, which was repelled, was also launched here. The enemy was shelling Komarevo and Moscenica this evening. We have no information about casualties, but we know that two Croatian soldiers were slightly wounded and that extensive material damage was caused.

Bihac Military Base Attacked Overnight

LD3103090492 Belgrade TANJUG Domestic Service in Serbo-Croatian 0837 GMT 31 Mar 92

[Text] Bihac, 31 Mar (TANJUG)— The 27 July military base in Bihac was again the target last night of an attack by hitherto unknown persons, the Yugoslav People's Army press center in Bihac has announced. Fortunately, no one was hurt in fire from infantry weapons which went on for almost two hours, the announcement states. The Bihac Ministry of Internal Affairs was informed of this incident and an investigation is under way.

War Damage Costs in Krajina Detailed

LD3003155292 Belgrade TANJUG in English 1439 GMT 29 Mar 92

[Text] Belgrade, Mar 29 (TANJUG)—The funds needed to repair all the damage caused by the war in the territories of Serb Krajina which are under U.N. protection considerably exceed Yugoslavia's capacity and spontaneous assistance from various states and international organizations, the Yugoslav Government said today, adding that this involved the costs of taking care of the hundreds of thousands of displaced persons and repairing the destroyed infrastructure in the areas. Yugoslavia [word indistinct] through the U.N. High Commissioner for refugees extensive international aid to assist in returning life to the war-devastated areas with the arrival of UNPROFOR [UN Protection Forces].

The biggest damage was suffered by housing facilities, agricultural and infrastructural facilities. Almost all production capacities are destroyed or unoperational, and there is also extensive damage to schools, medical facilites, the water infrastructure and similar. The adoption of a federal law on the validity of the legal system in those areas in Yugoslavia which are under U.N. protection creates the necessary conditions for the protection of civil liberties and human rights in those areas, yhe government said.

[Word indistinct] the establishment of appropriate organs of authority and creation of conditions for a normalization of life and working conditions are the essential prerequisites for the return of refugees and displaced persons, the Government said.

Macedonia

Serbs, Montenegrins Demand 'Elementary Rights'

LD3103100392 Belgrade TANJUG in English 1222 GMT 30 Mar 92

[Text] Belgrade, Mar 30 (TANJUG)—The association of Serbs and Montenegrins in the secession-minded Yugoslav Republic of Macedonia will not tolerate that they be deprived of the elementary rights to primary education in their native language and the practice of their religion.

The Belgrade daily POLITIKA reports that the association decided at its annual assembly in Kumanovo on Sunday to demand from the Macedonian authorities free flow of information, the right to political organizing, and all forms of autonomy. The association will also demand the protection of cultural monuments of the Serbian and Montenegrin people, it was said.

The political problems of Serbs and Montenegrins in Macedonia will in future be dealt with by the recently permitted political party of Serbs in this republic—the Democratic Party. This was the only ethnic party in Macedonia which was banned by the authorities, although several Macedonian and national parties of ethnic Albanians have been registered in this republic.

The problems which Serbs and Montenegrins are faced with in Macedonia include the recruitment of their nationals into units of the Macedonian Army and reserve police units, harassment at work, transfers to lower posts and dismissals from work on an ethnic criterion. All this, it was said, is the result of pressure from Macedonian nationalists with direct support from the political and executive authorities of the republic. According to the 1991 census, Macedonia's population is about two million, with Serbs accounting for 2.2 percent.

Albanians Demand Proportional Representation

LD3003152392 Belgrade TANJUG in English 1818 GMT 28 Mar 92

[Text] Skopje, Mar 28 (TANJUG)—The Democratic Prosperity Party (PDP) which rallies ethnic Albanians in Macedonia maintain that ethnic Albanians must be proportionately represented in the Army of this breakaway Yugoslav republic.

Speaking to reporters today, representatives of the PDP, an opposition party in the Macedonian Parliament, said that if Macedonia planned to create an ethnically pure army, ethnic Albanians would not accept to serve in its ranks.

Macedonian President Kiro Gligorov and commander of the third Yugoslav People's Army (JNA) district [word indistinct] Nikola Uzelac yesterday signed a document on a handover of military facilities and technical equipment, which marked the end of the JNA's presence in this republic which has sought international recognition. According to Gligorov, Macedonia's territory and borders are now controlled by the Macedonian Army. The JNA withdrew from Macedonia following a decision by the Yugoslav presidency.

The PDP argued today that democracy had not been established in Macedonia although a year had passed since the multiparty elections and the adoption of the new constitution. It also expressed dissatisfaction with developments in the area of education and local self-rule. The PDP requested that Moslem religuous holidays Ramadan and Kurban Bairam be proclaimed public holidays in Macedonia. Ethnic Albnanians are Moslems, and Macedonians orthodox Christians.

According to the census conducted in April 1991, ethnic Albanians account for 21 per cent of Macedonia's population of two million. The PDP announced a peaceful demonstration for Tuesday in the Macedonian capital Skopje under the slogan "For democracy and equality."

Montenegro

President Bulatovic Answers Referendum Criticism

92BA0682B Belgrade BORBA in Serbo-Croatian 12 Mar 92 p 7

[Article by Lj.M.: "The Referendum Is Not in Dispute"]

[Text] Titograd—On 8 March 1992, the International Federation for the Rights of Man in Paris sent a telegram to Momir Bulatovic, M.A., president of the Montenegrin Presidency, and Dr. Branko Kostic, which contained criticism of the referendum recently held concerning the future governmental status of Montenegro, passages of which were as follows:

"The referendum which is supposed to establish the future status of Montenegro within or outside the framework of a Yugoslav federation, was held on 1 March 1992. The republic Assembly set that date seven days before it was held.

"The Citizens Forum in Montenegro, which represents the democratic opposition to the present government and which protested the excessively short period of time, has left a strong impression on the International Federation for the Rights of Man.

"Surely, this short period for a referendum deprives the opposition of every opportunity to defend its view before the people, which is a violation of Articles 19, 20, and 21 of the Universal Declaration of the Rights of Man.

"As to the question of the referendum, significant forces in Montenegro—the figure of 60,000 people is mentioned—took a position which undoubtedly influenced the result of the vote.

"The very next day after the referendum Montenegrin radio and television began to run down the list of names of individuals who did not vote. We do not know the purpose this list will serve.

"Under those conditions, this result, in the eyes of the International Federation of the Rights of Man, is questionable and should be invalidated," the telegram states in conclusion.

Momir Bulatovic, M.A., president of the Montenegrin Presidency, yesterday sent a reply by fax in which he wrote:

"The Montenegrin parliament debated the referendum on 18 and 23 January 1992. It was decided at that time that over the next month all political parties (both with and without seats in the parliament) would use the government media to inform the citizens of Montenegro

of their political views. Besides, all important sessions of the Assembly of the Republic of Montenegro have live television coverage.

"Debate of the referendum was organized by the Republic Election Commission, which supervised the previous multiparty elections, and the incumbent party has only two representatives on that commission. All the parliamentary parties received equal space in the state-owned media.

"In a meeting held on 24 February 1992, the Montenegrin parliament decided to hold the referendum on 1 March 1992. The embassies of all the EC member countries, the embassies of the United States, the Russian Federation, and certain other states, and also the Conference on Yugoslavia, and Lord Carrington personally, were notified of the referendum question and the scheduling of the referendum. This was a token of our openness to foreign observers at that referendum.

"The results of the referendum were communicated in the report of the election commission, which was also signed by representatives of the political parties which had called for a boycott of the referendum. Full multiparty representation was guaranteed in the work of the election committees, and not a single significant objection was recorded as to the regularity of the vote.

"The electorate of the Republic of Montenegro numbers 421,548 citizens. The total vote in the referendum was 278,382 (66.04 percent), of which 267,076 (95.94 percent) voted 'FOR' continuation of life in the joint state—Yugoslavia, while 8,957 (3.22 percent) voted 'AGAINST,' and 0.85 percent of the ballots were invalidated.

"It is a complete falsehood that the state-owned media read a list of the names of persons who did not vote in the referendum. It would not take very much goodwill and reason to figure out the nonsensical nature of such an assertion.

"The Citizens Forum of Montenegro informed the republic that it has about 400 members. A majority of them are officials who held power for many years and are out-and-out Communists who long ago lost the confidence of the citizens of Montenegro. This can very easily be checked if you are interested," Momir Bulatovic, M.A., said in his reply, and he observed:

"Montenegro, of course, sincerely wants to protect the body of human, ethnic, and civil rights of its inhabitants and to respect the universal declaration of the rights of man."

Bulatovic went on to write:

"Therefore, with high esteem for all efforts being invested to that end, and thereby also of the role of the nongovernmental International Federation for the Rights of Man in Paris, I express amazement that you did not deem it suitable to check the facts related to the referendum in Montenegro. I am certain that after a look at the preparations, the course, and the results of the referendum that was held, the press release that you issued would have had a completely different slant," the letter concluded.

Serbia

Paper Assails U.S. Envoy's Remarks on Albanians

LD3003163192 Belgrade TANJUG in English 1604 GMT 30 Mar 92

[Text] Belgrade, Mar 30 (TANJUG)—The Belgrade daily POLITIKA EKSPRES on Monday accused U.S. Ambassador in Belgrade Warren Zimmerman of making war-mongering statements and urging a new war in Yugoslavia, in the Serbian province of Kosovo and Metohija (Kosmet).

Zimmerman's interview to the ethnic Albanian daily BUJKU, in which he said the United States would exert pressure on Serbia to give 'maximum autonomy' to the ethnic Albanian national minority in the province, was interpreted by POLITIKA EKSPRES as a "plea of sorts for a new war" in Yugoslavia.

The U.S. ambassador's statement that the Kosovo problem is "the biggest problem involving human rights violations in Europe since the fall of the Soviet Union," should be "given prominence in some future encyclopaedia of human senselessness," POLITIKA EKSPRES writes.

The paper points out that Zimmerman's assessment that the "people of Kosovo are more endangered than Serbs in Croatia," comes at a time when the United Nations is sending "blue helmets" to Krajina to ensure peace and "protect Serbs from massacre and genocide to which they have been exposed by Tudjman's democracy." "Who is now in the right: the United Nations or Zimmerman. The whole world or one ambassador," the paper asks. It also recalls that the U.S. ambassador had on several occasions avoided to give a concrete answer to the question—which freedoms and rights are ethnic Albanians in Kosmet deprived of, which are enjoyed by any other national minority in the world.

The ethnic Albanian minority in Serbia, living mainly in the province of Kosmet, enjoys all minority rights which even exceed the usual international norms. The ethnic Albanian minority has 24 papers or magazines, a television and radio program, elementary and high schools and university, national theaters, libraries, cultural and musical societies. They can perform their religious rites in over 500 mosques, and have around 10 single-national parties. The ethnic Albanians' parties, which urge Kosmet's secession from Serbia and Yugoslavia and its annexation to neighbouring Albania, last year illegally proclaimed a "Republic of Kosovo" and illegally formed parallel organs of power in Serbia. Under pressure from their political parties, the Albanian national minority boycotted the 1991 census so that there are no reliable

reports about their numbers in Serbia. According to statistics, ethnic Albanians account for 1.6 million of Serbia's 10 million population.

Serbian Renewal on Elections, Representation

AU3003155292 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 30 Mar 92

[Text] The Serbian National Renewal [SNO] will not run in the upcoming communal elections if the proportional representation system is not accepted. Nor will it run in the elections in the new Yugoslav state if it is only made up of Serbia and Montenegro. This is explained with the fact that almost three million Serbs would remain outside this kind of Yugoslavia. This was said at the regular news conference of the SNO. Jelena Hinic has the details:

[Begin Hinic recording] The SNO's basic aim is to defend the Serbian people, which are now threatened with annihilation, party leader Mirko Jovic said. As the Yugoslav People's Army is unable to protect the Serbian people in Croatia and in Bosnia-Hercegovina, we are forced to organize ourselves to defend them, Jovic said.

He announced the formation of the Gavrilo Princip voluntary unit, parts of which will fight if need be on Ozren Mountain, around Ilijas, in Prnjavor, and in Hercegovina. Jovic also stated that 300 members of the White Eagles formation are in Bosanski Brod at the moment. The SNO is refusing to cooperate with the Yugoslav People's Army and thinks that it is absurd that even though it is currently headed by a Serb, it is taking incomprehensible actions both in Bosnia and in Macedonia. This party blames the government and Serbian President Slobodan Milosevic for the difficult position of the Serbian people. It was said that Milosevic should submit his resignation.

According to Jovic, inconsistency in the protection of Serbian interests has meant that the UN forces are being deployed in a way that will be catastrophic for the future of the Serbian state. It was also said that the SNO will oppose the creation of separate Serbian states on the territory of present day Yugoslavia. This political organization has announced that its branch for Bosnia-Hercegovina will be set up on 10 April. [end recording]

Bank Officer Comments on Dinar, New Currency

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[Text] Belgrade, Mar 30 (TANJUG)—The Yugoslav currency, the dinar, is the only internationally recognized currency in the territory of Yugoslavia and will not be shaken if the Slovenian and Croatian currencies get international recognition too, Vice-Governor of the National Bank of Serbia (NBS) Radomir Jakovljevic has told TANJUG's correspondents.

The relation between the dinar and the currencies of the breakaway Yugoslav Republics of Croatia and Slovenia will be determined after the property and debts have been divided and the Yugoslav republics have settled other aspects of their relations, in keeping with their position in international financial operations. Jakovljevic believes that the damage caused by the introduction of the Slovenian tolar and the Croatian dinar to the regions in which the Yugoslav dinar is the means of payment must be taken into consideration in the process of division of property and debts. The national banks of these republics have not yet returned to the National Bank of Yugoslavia (NBY) large quantities of dinars, which had been converted into goods or hard currency after being illegally transferred to Serbia and other Yugoslav republics.

In Jakovljevic's opinion, inflation has been triggered by the fall of economic activities, directly or indirectly caused by the war, the servicing of the foreign debt at a time when the country is cut out from the international financial market, and an attempt by the state to alleviate the current financial troubles with new money issue. The crucial conditions for a more radical approach to the settlement of the problem of inflation and other economic problems will be secured through the announced organization of Yugoslavia on a smaller territory, the adoption of a new constitution and setting up of federal and other institutions, which should take place over the next two or three months. Jakovljevic does not see any need for the NBS to take independent financial steps at present. As any long-term forcasts are impossible to make, monetary policy is being determined for three-month periods, and the Council of Governors of the NBY has worked out estimates for this year's second three-month period, to be adopted by the Yugoslav parliament soon. The NBY has also prepared a series of measures to improve the supply of commercial banks with ready money, including the printing of new 10,000-dinar bills. A halt in the decline in industrial production and unfavourable economic trends in general depend on the securing of allocated funds for production and exports, says Jakovljevic, adding that this is connected with faster payment of the exported goods and the import of foreign currency into the country. So far, the activation of foreign currency owned by citizens has not provoked great interest, noted Jakovljevic. It is estimated that citizens of Serbia currently have in their keeping at home four billion dollars and those in entire Yugoslavia up to 12 billon dollars.